FINANCIAL TIMES

THURSDAY APRIL 25 1996



Wall Street Eschewing the limelight



By Peter Norman in Bonn and

Wolfgang Münchau in Cologne

German unions yesterday vowed

to launch a public campaign

against government welfare and

employment reforms after the collapse of talks aimed at

building a consensus among employers, the unions and the

The breakdown of the tripartite

talks coincided with a declara-tion from the head of the coun-try's main amployers' body that

the traditional consensus model

Japanese traders

New powers in East Asia

Satellite TV

The digital revolutionaries



Today's surveys

Uganda Vehicle fleet management

Separate section

Britain submits plan for cattle cull to Brussels

Britain's dispute with the rest of the European Union over beef exports appeared closer to resolution yesterday when London sent Brussels its long-awaited proposals for a selective slaughter of cattle to curb mad cow disease. The move marked the first sign of a breakthrough in the five-week old crisks sparked when the UK government disclosed a possible link between BSE and a fatal brain dis in humans. London is proposing to cull about 42,000 cattle believed to be most at risk from BSE. Page 10

Northern Ireland's mod-



erate nationalist SDLP party and Sinn Fein, political wing of the anti-British IRA, agreed to contest elections in the province next month. The poll should result in a forum from which allparty peace talks can be launched. Sinn Féin president Gerry Adams (left)

said his party was participating to seek backing for its peace strategy but would not take part in the forum. Page 10 PLO votes to change anti-israel charter:

The Palestinian parliament in exile voted by a big majority to amend clauses in the charter of the Pal-estine Liberation Organisation which call for Israel's destruction. Israel has made the amendments a condition for moving its troops from part of the West Bank town of Hebron and for starting talks on the final status of Palestinian areas. US peace shuttle switches to Lebanon, Page 7

Nomura profits surge: Buoyant bonds helped Japan's Nomura, biggest of the country's "big four" stockbrokers, to a thirteen-fold rise in annual pretax profits to Y91.5bn (\$855m) - the best result from a Japanese house for five years. Page 19

Cuit leader in courts Japanese cuit leader Shoko Asabara refused to plead on the opening day of his murder trial for the Tokyo subway nerve gas attack of March 1995. Page 4

UN orders release: The UN tribunal for Yugoslavia in The Hague ordered the immediate provisional release on humanitarian grounds of Bosnian Serb general Djordje Djukic, who has cancer, but the war crimes charges against him will be maintained. Nato bans Bosnian army flights, Page

1.7

1775

. - 522

rath (fi

Yeast yields genome secrets: Scientists have completed a seven year project to "map" yeast's genetic material. The knowledge should help research into human disorders, speed drug design as well as benefiting brewers and bread makers. Technology, Page 28

Seoul to ease labour laws: South Korea is to revise its restrictive labour laws to get in to the Organisation for Economic Co-operation and Development, president Kim Young-sam indicated. At present there can be no more than one union in a company, third parties are barred from intervention in disputes and unions cannot give money to political parties. Page 18

LIK oil bonanza rolla on: Britain's North Sea oil and gas bonanza could last until the mid 21st centry, a minister said, confounding fears that the industry would decline in the 1990s. Oil production last year reached a high of 130m tonnes. Page 10

SmithKline Beecham Blologicals, an arm of Anglo-US healthcare group SmithKline Beecham, is to build a vaccine plant in Changhai as the start of a \$100m investment plan for China. Major condemns Eurosceptics: Britons who favour withdrawal from the European Union are

living in "cloud cuckoo land", UK prime minister

John Major said. His remarks were partly aimed at

billionaire Sir James Goldsmith, who is financing a

new party to campaign for a referendum on the UK's relationship with the EU. Page 10 FedEx chief attacks UK air policy: Federal Express chief Frederick Smith, accused Britain of running a restrictive aviation policy. The worldleading parcels group is to expand its main Euro-pean distribution centre in Paris. Page 19

Chechen leader confirmed dead: Chechen rebel commander Shamil Basayev confirmed that separatist leader Dzbokhar Dudayev had been killed. He said Dudayev's deputy, Zelimkhan Yan-darbiyev, had taken over as rebel leader. Page 2

Cambodia offers haven: Cambodian first prime minister Prince Norodom Ranariddh offered Welleducated Hong Kong residents citizenship so they can belo rebuild the war-ravaged country.

CSUI Heith Lengthing rate way			
STOCK MARKET INDI	CES	E GOLD	_ • •
New York: Nuclificate Dow Jones and Av	(-49.14) (+6.39)	New York: Come (June)\$397.2	
Except and Far East 2,122.10 DAX 2,538.26	(+10.12) (-11.92)	Chaelos:	(391.7)
FT-SE 100	· (-15.4)		
R US LUNCHTBEE RATE		£1.51395 DBA1.52225	·
Federal Funds53/4 3-min Trees Bills: Yid5103% Long Bond901 ₈ Yield5769%	· , .	FFr5.1395 SFr1.23225 Y106.755	
T OTHER RATES		Landen: £1.5128 DN1.5219	
UK: 3-mo Interbenk6% BK: 10 yr SBt96% France: 10 yr OAT106.05	(3806) (387) (108.03)	FFr5.1398 SFr1.2333 Y106.785	(1.2277)
Germany: 10 yr Bend97.73 Japan: 10 yr JGB97.84	(97.56) (97.514)	# STERLING	
B. MORTH SEA OF GAR	-1 ·	DM23023	(2,2501)

(20.90) Tekyo \$ close: Y 106.7 Brent Dated .. | New | New

© THE FINANCIAL TIMES LIMITED 1996 No 32,967

of industrial relations had failed. Mr Dieter Schulte, head of the German trade union federation (DGB), accused chancellor Helmut Kohl's government of falling

ness and turning its back on the welfare state after Bonn announced it would legislate to curb Germany's generous sick pay and ease rules giving work-ers protection against dismissal. The DGB leader said the meeting in the chancellery was frosty and marked "a shift away from the search for consensus towards conflict". He said Mr Kohl, who called the Tuesday night talks to reach agreement on a range of policies to strengthen Germany's economy and boost employment, showed no awareness of social injustice and in this respect appeared "no longer in control of

under the influence of big busi-

The moves came amid growing

Unions vow to launch campaign against reform plans after talks fail

Setback on German work unity

fears over Germany's economic malaise, with a report yesterday showing that company failures in January were 13 per cent up on the year before. In addition, the Ifo economic research institute in Munich announced its monthly business climate indicator moved

down again in March.
After Tuesday's meeting Mr Schulte, usually a moderate trade unionist, said he felt "hurt and angry". While stopping short of threatening strike action, he nised that the unions would take action and mobilise support

be announced tomorrow.

A joint statement by five union leaders who attended Tuesday's talks accused the government of contributing to an "alliance against jobs" rather than the alliance for jobs - the union-pro-posed trade-off between pay restraint and job creation that has been at the centre of government and union efforts to cut Germany's unemployment of more than 4m since late last

The statement rejected legislation to restrict sick pay and said plans to ease the rules restricting dismissals "meant Germany's entry into the US system of hire and fire". Planned changes to

pensions, including a rise in the pensionable age for women, would "boost unemployment and be poison for public budgets".

Mr Kohl yesterday continued internal government discussions on the package of spending cuts, welfare changes, tax reforms and deregulation in preparation for their disclosure to MPs of the coalition parties late today.
In an interview before the

talks, Mr Hans-Olaf Henkel, president of the Federation of German Industry, said the German trade union movement was facing terminal decline, and suggested that Germany would move increasingly towards an individual self-reliance.

UK in surprise block on power industry bids

By David Wighton, Patrick Harverson and Robert Peston in London

The UK government surprised London's business district and threw the electricity industry into renewed turmoil yesterday by blocking bids by National Power and PowerGen for two of the UK's largest electricity dis-

The decision, which overturns the recommendation of the UK Monopolies and Mergers Commission, opens the possibility that Vational Power and both distrib utors, Southern Electric and Midlands Electricity, will be the subject of bids by foreign companies. However, the government issued a veiled threat to Southern

Company, the US utility which has expressed an interest in bidding for National Power. A colleague of Mr Ian Lang, UK trade and industry secretary, pointed out that the government retained golden shares in both National Power and PowerGen

pany from holding more than 15 per cent of their shares. He said there was "no possibility" of the government simply

which prohibited any other com-

waiving this restriction if Southern or another company made a bid.

Investors had expected the bids for the distributors to be cleared. The mergers would have created two vertically integrated groups, bringing together electricity generation with distribution which were kept separate at the time of privatisation.

Mr Lang said he believed that vertical integration was not inherently objectionable: "However, the adverse findings in the MMC's reports lead me to the w that, in the current stat the market, there would be significant detriments to competi-

tion if these mergers proceed."
Professor Stephen Littlechild, industry regulator, welcomed Mr Lang's move which he said was "a good decision for the country". He added: "The striking thing about the MMC report was that they could not find any benefits from the mergers."

The Labour party opposition also supported the blocking of

Continued on Page 18 Editorial Comment, Page 17; Lex, Page 18; Lang makes his mark, Page 27

Brussels vetoes platinum merger in S Africa

By Nell Buckley in Brusse Mark Ashurst in Johannesburg and David Lascelles in London

The European Commission yesterday vetoed the proposed merger of the South African plat inum interests of Lunrho of the UK and South Africa's Gencor on the grounds that it would have left the world's platinum market

in the grip of a duopoly.

It also issued a clear warning that any attempt by Anglo Amer ican, South Africa's largest com-pany which also has extensive platinum interests, to take control of Lonrho was likely to be blocked for similar reasons. Anglo American took a 6 per cent

stake in Lourho last month. The decision, announced by Mr Karel Van Miert, European com-petition commissioner, is only the Commission's fifth veto of a merger since it was given responsibility for vetting large mergers involving European Union com-panies in 1990. It is the first time the Commission has blocked a merger of companies' interests located entirely outside the EU. Impala Platinum Holdings. Gencor's platinum company, pledged to challenge the decision

in the European Court of Justice. Mr Van Miert said if the merger had been allowed, it would have left the new company and Anglo American's platinum business, Amplats, with control of more than 60 per cent of the world platinum market and 90 per cent of world reserves.

He said the platinum market's concentrated nature would have made it difficult to restructure the deal to meet the Comm sion's competition concerns. G cor had offered "behavioural rem edies", including pledges not to cut production and to invest in new capacity, but these were ruled insufficient.

Mr Dieter Bock, Lonrho's chief executive, said he was "puzzled" that the Commission had prevented a transaction to which European consumers had very little exposure".

Lonrho is unlikely to appeal against the decision and it has

> Continued on Page 18 Lex, Page 18 Anger at Brussels, Page 2



Russian leader Boris Yeltsin (centre) and China's president Jiang Zemin (far left) in Tiananmen Square Beijing, reviewing the honour guard welcoming Mr Yelisin at the start of a three-day visit to China during which more than a dozen trade and other agreements will be initialled. Report, Page 4

Hollinger in \$420m agreed offer for Telegraph shares

By Christopher Price in London

Hollinger International, the US group controlled by Mr Conrad Black, yesterday made a \$420m agreed offer for the minority shareholding in The Telegraph, the UK newspaper publisher. The Canadian entrepreneur has been keen to restructure his media empire in readiness for a possible bid for Fairfax, the Aus-

tralian media group, among other potential interests.

The Telegraph owns a 25 per cent stake in Fairfax, the maximum allowed under current Australian legislation governing media ownership. However, an incurry into the issue has been launched by the Australian gov-ernment which should report by

the end of the year. Mr Kerry Packer, the Australian entrepreneur, and Mr Rupert Murdoch, News Corporation chairman, both have stakes in Fairfax, with the former in particular also keen to gain control of the publisher of the Sydney

Morning Herald, Melbourne Age and Australian Financial Review. Hollinger said it would consider selling its stake if the review were not to go in its favour.

The Telegraph shareholders are also to be offered a pro rata share of proceeds from any sale of the Fairfax holding made at over A\$3 a share. Fairfax shares are currently trading at A\$2.90.

Mr Dan Colson, deputy chairman of The Telegraph and a director of Hollinger, said Hollinger International, formerly known as American Publishing would consider raising \$150m in equity financing to help pay for The Telegraph deal. Earlier this

year, the group raised \$400m in new equity and debt. The Telegraph offer is Mr Black's second attempt within a year to buy the group. An attempt 10 months ago failed when the independent directors representing the minority shareholders rejected his offer,

share offer, which is being recommended by the independent dir ectors, comes with a special dividend of 10p a share. In London, The Telegraph shares rose 96p to 559p. Hollinger International shares were trading at \$12.25 on Wall Street, down one-eighth. The offer values The Telegraph

Mr Colson said the difference between the two offers for The Telegraph reflected the swiftly changing fortunes of the UK newspaper industry. "Last year, we were in the middle of a full-scale price war and escalating newsprint costs. To-

day's environment, while still difficult, has improved markedly." Should Telegraph shareholders accept, the sale will sever Mr Black's links with the UK stock market. He first bought into the newspaper group in 1985, taking

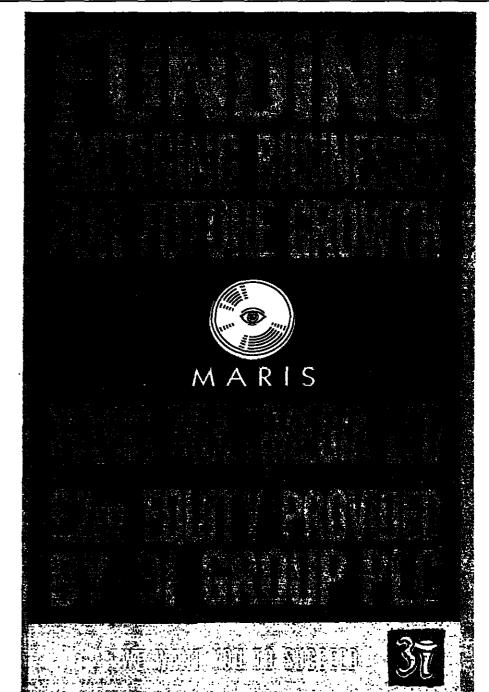
the company public in June 1992, but retaining a majority control.

> Lax, Page 18 Scoop of the year, Page 27

Int. Band Service Money Markets

A STATE OF THE PROPERTY OF THE

thought to be around 470p-ashare, as too low. The new 5600-a-LONDON - LEERS - PARIS - FRANKFRET - STOCKHOLM - MADRED - NEW YORK - LOS AMGELES - TUKYO - MONG KUMI



Chechen leader's death threatens renewed instability



etaphor for the collapse of the Soviet Union: the late Dzhokhar Dudayev at a press conference

By John Thomhill in Mescow

Mr Dzhokhar Dudavev, the rebel Chechen leader, has been killed, Chechen and Russian sources independently confirmed yesterday. His death threatens to provoke a fresh wave of instability in the troubled Caucasian region.

Although reports are still confused, several Chechen offi-cials said Mr Dudayev had died in a Russian rocket attack on Sunday night while talking on a satellite telephone in a field near the village of Gekhi-Chu.

He was buried yesterday in a southern Chechen cemetery. The Russian military com-mander in Chechnya denied any involvement in the attack, suggesting Mr Dudayev had

chen feuding. "Federal forces had nothing to do with the death of Dzhokhar Dudavev." General Vyacheslav Tikhomirov said.

But a Russian interior ministry official contradicted this line, claiming Mr Dudayev had been killed in an "act of retri-

The slight, moustachioed Mr Dudayev, a former Soviet air force general, declared Chechnya's independence from Russia in 1991 and led the spirited resistance movement which continues to defy the Kremlin. Chechen officials said his

death would unite their people and spur them into resisting Moscow with "trebled energy". "The tragic death of the first president of Chechnya has not

fallen victim to internal Che- broken the Chechen people, who are prepared to continue the struggle, started by Dzhok-har Dudayev, for their independence," said Mr Zelimkhan Yandarbiyev, who has taken

over as Chechen leader. Russian President Boris Yeltsin, whose chances of re-election have been blighted by the Chechen conflict which has left more than 30,000 dead, blamed Mr Dudayev for starting the war and spurning the Kremlin's latest peace overtures. "With or without Dudayev

peace in Chechnya," Mr Yeltsin said yesterday in the far eastern town of Khabarovsk, before leaving for China. But Mr Mintimer Shaimiev,

we shall end everything in

the president of the central sian republic of Tatarstan.

who is trying to mediate in the conflict, cast doubt on the prospects for peace and forecast a further deterioration of the situation.

"Now it is unclear how his [Dudayev's] cohorts will behave in this situation, whether they will remain as united and obsessed by their common goal as they were under Dudayev or whether their ranks will be split and their ideas will be polarised," he said.

Mr Yandarbiyev, the nationalist writer who has taken over as Chechen leader, has adopted a hardline position towards Moscow in the past but wields far less authority within the sistance movement than Mr Dudayev.

It seems likely that more

authority will devolve to prom inent field commanders, such as Mr Shamil Basavev, the radical Chechen leader who led the hostage taking raid on Budennovsk last year, and Mr Aslan Maskbadov, the seemingly more moderate Chechen military commander who conducted peace talks last sum-

The United Nations Commission on Human Rights yesterday condemned the Russian authorities for the disproportionate use of force in Chechnya, resulting in high number of civilian casualties.

Recent bombardments of Chechen villages had led to grave violations of human rights as well as of international humanitarian law." the

Dudayev – local hero or mere mafioso?

In his transformation from bemedalled Soviet air force general to a rebel com-mander who humiliated the Red Army, Mr Dzhokhar Dudayev was a human metaphor for the collapse of the Soviet

In the early 1990s he joined many of the more liberal members of the Soviet elite in breaking with the Soviet old guard and supporting the national independence movements which sprang up across the crumbling empire.

And, as the leader of Chechnya's drive for independence. Mr Dudayev became the central figure in a bloody war which many observers believe has fatally weakened Russia's fragile

In the eyes of many of his people Mr Dudayev, who held the Russian army at bay for 16 months, was a hero, elevated into martyrdom by his reported death this week in a Russian rocket attack. In the view of the Kremlin's embarrassed leaders, and some of his domestic oppo nents, he was the criminal leader of one of Russia's most powerful mafias who irresponsibly led his country into a suicidal defiance of Moscow.

Both friends and foes acknowledge Mr Dudayey's crucial role in a conflict which Mr Yeltsin has described as the biggest mistake of his administration and which could sabotage the Russian leader's effort to beat his Communist rival in the June presidential ballot.

Analysts are divided on the implications of Mr Dudayev's death; some warn that it could spark a fresh outburst of violence as Chechen fighters avenge their leader's death, while others predict that without its charismatic president the Chechen resistance will crumble. But they agree that the killing is likely to be a turning point in the Chechen conflict.

Mr Dudavev's fierce resistance to Russia has deep roots. In February 1944, when he was just a month old, his family, together with the entire Chechen people, were deported overnight from their homeland to the arid steppes of central Asia.

The intense animosity towards Moscow bred by that experience, and by his people's history of resistance to Russian rule, was initially obscured by Mr Dudayev's stellar rise through the ranks of the Soviet military. But his latent sympathy for the peoples who had been oppressed by the Tsarist and Soviet regimes became apparent in the late 1980s, when he was appointed as the commander of an air force base in

A slim, energetic man with a dandy's moustache, who always appeared neatly dressed even on the battlefield. Mr Dudayev is still beloved by many Estonians because of his support in

to break away from the USSR. He disobeyed Moscow's orders to deploy his men against peaceful Estonian demon-

In January 1991, Mr Dudayev returned to Chechnya, where he was elected president in October and declared independence. He resisted Moscow's initial effort in November 1991 to bring the republic back under Russian control but three years later the Kremlin tried again, launching a bloody conflict which has reduced much of Chechnya to rubble but is still unresolved.

As Chechens were reported to be burying Mr Dudayev yesterday, the big question was whether they would be determined to carry on the struggle he began under the new leadership of his former deputy, Mr Zelimkhan Yandarbiyev, a former writer and hardline supporter of full independence.

Flynn defends European Court

By Caroline Southey

The European Court of Justice should not be used as a "politi-cal football". Mr Padraig Flynn, the EU commissioner for social policy, will warn today, in an implicit attack on the British government's atti-tude to the institution.

In a speech to the American Bar Association in London, Mr. flynn says it is "incredible" that politicians from a legal tradition in which judicial precedent has played a crucial role "should suddenly find it shocking that, in a European context, it is the Court of Jus tice which is the final arbiter of legal interpretation".

His comments come in face of growing support for Eurosceptics in the British parliament opposed to the UK being

under the jurisdiction of the court. On Tuesday, 66 Conservative MPs voted in defiance of government policy for a measure to exempt the UK from the court's rulings.

British sensitivities about

the court's role were heightened this month when the French advocate general of the court recommended that the UK's arguments challenging the legality of the Working Time Directive, which sets down a maximum 48-hour working week, should be rejected. His opinion is not binding, but is followed by the court in the majority of cases. Mr Flynn warns that to introduce "any qualification of the principle that it is the courts who interpret and apply the law in situations of legal dispute is to start down a very

He argues that any dilution of this principle would be "dangerous and would take us down a road which, in the past, has led to the diminution and, in extreme cases, to the suppression of democracy".

A road which has led to suppression of democracy'

Dismissing the UK's contention that the Commission was motivated by political rather than legal factors when it chose to bring the directive forward as a health and safety issue, he says: "Disputes about broad interpretation "far the legal basis of directives are commonplace. They are the normal stock in trade of coun-The UK argued that the

legislation, which requires a unanimous vote in the Council of Ministers, rather than health and safety legislation. which can be agreed by quali-

fied majority.

It contended that the Commission had chosen to bring the legislation forward as a health and safety issue to avoid having to secure a unanimous vote in the council.

The advocate general's opinion could, in fact, prompt a raft of new social legislation being presented on the basis of health and safety requirements. He argues that health and safety should be given a removed from an approach confined to the protection of workers against the influence of physical or chemical factors | new capitals in the former

Hopes for five-star hotel in Kiev

Three British developers are poised to do what others have so far found impossible: open the first five-star hotel in

Central European Investments, a private UK company, last year formed a joint ven-ture with the left-dominated parliament and within two veeks plans to name a western operator to refurbish and run the Moscow Hotel.

Construction will start this year and doors will open before 1999, according to Mr David Brown, CEI director. Every other large hotel and office property deal to date has failed in Kiev. while western guest houses mushroom in Moscow. Almaty and other

Mr Leonid Kosakivsky, the mayor, has scuttled several multi-million-dollar projects, frustrating investors and developers. The city owns the old Intourist hotels, which, blessed with a monopoly, can charge high western prices for

CEI found a loophole. Ukraine's parliament owns the Moscow Hotel, centrally located on the hill overlooking Independence Square. Long negotiations yielded a joint venture agreement endorsed by the parliament's leader-

Soviet-style rooms.

The Stalinist-style building is to be strip main frame and rebuilt, and the MPs who currently live in it will be given other accommodation.

It is understood the project

sandr Moroz, the Socialist speaker of parliament, where Communists and Socialists have a majority. Mr Moroz this week celebrated Lenin's birthday, but has described the Moscow Hotel venture as making good business sense.

The success of hotel ventures in the former Soviet Union depends on the location and the ability to enter the new market quickly. The Moscow Hotel, if completed on time, would satisfy both crite-

The nearly dozen westernstyle hotels that recently opened in Moscow. the Rusital are shie to ch the highest rates in the world ply. Kiev offers a similarly dis-

torted market. CEI did not want to reveal reached with parliament or the western financing it said was available.

Mr Brown was general counsel at Olympia & York, the Canadian group, and handled the troubled Canary Wharf development in London. Eighteen months ago he teamed up 🥂 with a Scottish architect and a British-Ukrainian, Ms Bohdana Krushelnycky, to set up CEI specifically to do the Moscow Hotel deal.

Ms Krushelnycky came back to Ukraine four years ago and developed the good contacts critical in a difficult investment climate.

hotel to encourage business travel and foreign direct investment," said Ms Roberta Feldman, a Ukraine investment officer at the International Finance Corporation.

Overhaul of French health system gets cabinet go-ahead Athens casino plan corruption probe into Ciller

The French cabinet vesterday approved the three legislative changes to overhaul the country's costly health system over the next few months. The "ordinances", which are not subject to full parliamentary scrutiny, complete the leg-

islation to enact the social security reforms announced by Mr Alain Juppé, the prime minister, last November, to a storm of protest. The health reforms triggered divisions within the medical

profession - three unions called them a move towards the "rationing" of healthcare while a fourth, representing most general practitioners, CSMF, one of the unions cur-

rently involved in strike action which has included blocking

THE FINANCIAL TIMES THE FINANCIAL TIMES
Poblished by The Francial Times (Europe)
GmbH, Nibelangenplate J. 10318 Frankfurt am Mant. Germany. Telephone ++9v
69 150 890, Fax ++9v 49 596 481. Regrecented in Frankfurt by J. Walter Benad,
Wilhelm J. Brissel, Colin A. Kemard as
Geschäftsführer and in London by David
C.M. Bell, Chrimtan, and Alan C. Miller,
Deputy Chairman, Shareholders of the
Financial Times (Europe) Ltd. London and
F.T. (Germany. Advertising) Ltd. London
Shareholder of the above mentioned two
companies in: The Financial Times Limited.
Number One Southwark Bridge, London
SEI 9HL
GERMANY:

GERMANY: GERMANY: Responsible for Advertising: Colin A. Ken-nard Proter Historyet Inhermatical Ver-lagsgeseikerhaft mbH. Admiral-Resendahl-Strasse Ia, 63/63 Neu Iseolary ISSN 0174-7363 Responsible Fultor: Richard Lam-bert, cho The Financial Times Limited, Number One Southwark Bridge, London CEI 1817

FRANCE:
Publishing Director P. Manaviglas, 42 Rue
La Busite. 79008 PARIS Telephone [0] 1
5376 8254. Fax [0] 1 5376 8253. Printer:
S.A. Nord Eclair, 15/21 Rue de Caire,
F-59100 Roubaix Ceder I. Editor Rechard
Lambert. ISSN 1148-2753 Commission
Partiaire No 6780ED.
SWEDEN:
Responsible Publisher: Hugh Carueg, 468
618 6038. Printer: AB Kvällstidsungen
Expressen. PO Box 6007, S-550 06.
Junksping.
Ulbe Financial Times Limited 1996.

Inhkoping.

O The Financial Times Limited 1996.
Editor: Richard Lambert,
co The Financial Times Limited. Number
One Southwark Bridge. Lendon SE1 9RL

streets and closing surgeries. said one in two Parisian doctors had stopped work, while MG-France, which called on its members not to protest, estimated the effect was less than 20 per cent across the country. One of the ordinances creates a new regional system of administration for France's

hospitals, designed to create a more localised and more tightly managed network.
The second covers the conduct of doctors and introduces a system of records for everyone in the country to show their use of the health system and provide sanctions for those

who abuse it.
A third deals with the management of the country's three social security agencies, which cover health, retirement and family assistance. The power is to be more equally divided between unions and representatives of business, with administrators appointed by the cabinet. In an interview in Le Monde, Mr Jacques Barrot, the social

tions that the reforms would lead to rationing, but would cut down on abuse and provide assistance "on the basis of just care, medically justified and economically adapted".

Mr Barrot warned last week that the social security deficit for 1996, which the government needs to reduce to meet its overall budget deficit targets, would be nearer FFr30bn (\$5.8bn) than the FFr17bn previously forecast. He said yesterday that he hoped to maintain his target for an increase in medical expenses during the current year of 2.1 per cent.

The National Assembly is set to debate the ordinances in September, and the modifications will begin to be put in place swiftly thereafter, with a medical registration book distributed to everyone in the country. Separately, the government plans to introduce draft legislation to the French parliament this summer on the creation of a universal health insurance system.

Government blocks | Turkish parliament votes for

By Kerin Hope in Athens

A project to build a casino and resort complex aimed at attracting high-spending tourists to Athens was blocked by the government yesterday.
Instead, the Socialist government is to modernise the rundown Mont Parnes casing near Athens, which belongs to

Greece's state tourist organisation, and invite bids from international casino operators to take over its management. Greece's development minister. Ms Vasso Papandreou, said yesterday a casino which opened last year at Loutraki, operated by Powerbrook of Israel, would have to renegotiate its licence with the government. The Loutraki casino, two hours' drive from Athens, is

likely to do more business following the decision to cancel the Athens casino project. The government's tourism policy is being revamped under Ms Papandreou, who opposes the previous administration's plan to raise Dr40bn (\$165m) in a casino on Rhodes.

revenues by awarding 14 casino licences around Greece. Ms Papandreon's decision earlier this month to revoke a licence for a second Athens casino, awarded 18 months ago to a Greek-South African consortium, confused investors and prompted a fall in Athens

share prices.
Four Greek construction companies listed on the bourse paid Drllbn for the Athens licence, in partnership with Sun International, the gaming concern controlled by Mr Sol Kerzner, the South African hotel operator.

.However, Ms Papandreou

made clear that two other casino projects involving US investors would go ahead. Hyatt International in partnership with the Laskarides shipping group, has invested \$130m in a casino resort under construction in northern Greece. Playboy Enterprises whose Greek partners include a state-owned bank, has paid Dr2.4bn for a licence to operate

The Turkish parliament Mesut Yilmaz. Under their micr at the end of this year - a yesterday voted to set up a power-sharing arrangement, deputy standing trial in the

commission to investigate corruption charges against Mrs Tansu Çiller, the former prime minister, Agencies report from Ankara,

MPs backed by 282-179 a motion by Refah, the Islamic fundamentalist party, for an inquiry into alleged links tract irregularities at Tedas, the state-run electricity company, during her 1993-95 premiership.

The move involves allegations that Mrs Ciller and her tycoon husband headed a "Waterfront Gang" - named for her posh villa on the Bos-porus - that used the government for personal gain. Refah accuses the former prime minister of "misuse of power and privilege and causing losses to

The probe could imperil the six-week-old centre-right coalition government between Mrs Ciller's True Path party and the Motherland party of Mr

the state".

Mr Yilmaz is currently prime minister and is to be succeeded

by Mrs Ciller next year. Refah had accused Mrs Ciller of ordering the energy depart-ment to favour certain companies in a public tender for a

\$300,000 contract.

Refah has said it will also seek an inquiry into the source of Mrs Ciller's wealth, estimated at \$7m. Mrs Çiller, Turkey's first woman prime minister, has

vigorously denied the charges, saying they are calculated to bring her political downfall. A 15-member parliamentary commission will study the charges for two months before submitting a report to Parliament. Even if the report suggests she be prosecuted, a majority vote is needed in the 550-member parliament to send

her to court. The parliamentary investigation could lead to Mrs Ciller's prosecution in a supreme court, blocking her turn as presupreme court cannot serve as

prime minister. The Democratic Left party. led by former premier Mr Bulent Ecevit, is preparing its own demand for a probe of the privatisation by Mrs Ciller's government of the Tofas automotive company. This will be debated in parliament next

The allegations over the Tedas project were initially raised by the Motherland party, some of whose deputies joined Refah - the largest single party in parliament - in yesterday's vote. Mr Yilmaz campaigned on a platform critical of Mrs Ciller's handling of public tenders and privatisation projects in last year's general election, and has declined to rally his deputies in parlia-

ment to vote for her. There were press reports that she had told her party that she would withdraw from the coalition if Motherland

Anger as Commission blocks far-off platinum merger

Brussels' move is likely to hurt Gencor more than Lonrho, report Mark Ashurst and Neil Buckley

onrho and Gencor's Impala Platinum both condemned European Commission of the proposed merger of their platinum

But while Mr Dieter Bock, Lonrho's chief executive, merely said he was "puzzled" the Commission had prevented a transaction to which European consumers had little exposure, Mr Michael McMahon, Impala's chairman, said impala would challenge the ruling in the European Court, and accused the Commission "ignoring compelling evidence that this merger was based on the soundest pro-competitive rationale".

sion's decision a victory for him. He has consistently opposed the merger as "not being good enough for Lonrho shareholders" and said he had provided technical and financial evi-

dence to Brussels. The differing strength of the reactions of the two companies perhaps reflects the different extent of the impact the decision will have on them. Analysts believe the decision will be more of a blow to Gencor than to Lonrho. They said the demerger of Lon-

rho's mining and non-mining inter-

ests, proposed by Mr Bock in Janu-

ary, was even more likely to go

Mr Tiny Rowland, Lourho's ahead following the ruling. They fell only 4p to 1974-p.

founder, proclaimed the Commis- added that that the UK conglomerate was unlikely to have difficulty finding another buyer for its platinum interests. One candidate might be Broken

Hill Proprietary of Australia. Another might be Anglo-American Corporation, South Africa's biggest company, which last month took a 6 per cent stake in Lonrho. But the Commission gave a clear signal yesterday that any deal that left Anglo-American in control of Lonrbo's platinum interests was likely to run into the same kind of competition problems as the vetoed Lonrho-Gencor deal. In London, Lonrho's share price

any appeal by Impala will need to make a new case for the merger. Analysts yesterday generally agreed that a challenge to the Commission's jurisdiction was a more likely basis for an appeal than a restructuring of the proposed merger.

The ruling will also raise questions about the EU's role in Africa, and is widely expected. to result in a challenge to the premise that the Commission can have jurisdiction over multinational mining groups more than 10,000km from

For Gencor, the ruling may be a more of a setback. After a fourmonth Commission investigation, trary to the Commission's claim that South Africa had broadly supported its conclusions, reliable sources at Impala claimed that Mr Thabo Mbeki, South Africa's deputy president, had endorsed the merger.

"The ANC has always been critical of anti-competitive behaviour among the biggest conglomerates. In general terms, the government would share the EU's concerns, but that does not mean it accepts their jurisdiction," said one analyst. The government had no comment yesterday. The EU is opposed to "the creation of a duopoly on the supply side of the platinum market". If, as expec-

ted, Anglo bids for control of Lonrho's mining assets, it would probably be forced by the European Commission to sell Lonrho's Western Platinum and Eastern Platinum mines to a third party. Australia's Western Mining group has been mooted as a possible buyer.

Impala already has a 27 per cents stake in the Lourho companies, and in terms of a January 1990 agreement has a right of refusal on the remaining shares should Lonrho ..

choose to sell In terms of the proposed merger, Lonrho and Impala, which is controlled by Gencor, would each have held a 31.8 per cent stake with the balance held by institutions.

حكدًا من الأصل

mafioso!

into Cile

Tietmeyer warns social partners on jobs

Mr Hans Tietmeyer, the Bundesbank president, yesterday warned Germany's employers and trade unions that they carried the main responsibility through collective bargaining on wages and conditions for cutting said. memployment - more than 4m at

In the Bundesbank's annual report, he stressed that German business needed to operate in more calculable and stable conditions over the long

breaking down of regulatory rigidities, a thorough-going consolidation of the public finances, including the social security system, and reductions in taxes and other levies, he

The Bundeshank's report, released only hours after the trade unions broke with the government and employers over measures to boost the economy by curbing workers' rights,

ing these conditions also required a meyer said a concerted effort was needed if Germany was to meet the Maastricht public sector deficit criterion of 3 per cent of gross domestic product by early 1998, when a deci-sion would be made on which countries should join economic and mone-

> In a reference to the negotiations in the government on spending cuts and welfare changes, he said guidelines on financial and social policy needed to be fixed soon because of

take effect. The report "emphatically rejected" any idea of weakening the Maastricht criteria to facilitate the start of Emn and the European single currency on the planned date of Janu-

ary 1, 1999. In a passage of importance for the UK, it stressed that all criteria including that requiring two years' membership of the exchange rate mechanism of the European Monetary System - should be considered of equal importance.

for the whole year would be modest, the central bank said the prospect of an economic recovery in the second half "had moved a bit nearer" in

recent times.

The Bundesbank said outlook for an upturn in exports was "altogether favourable". Germany's visible trade surplus, which nearly reached DM100bn (\$65.7bn) last year, had returned to pre-unification levels, while last year's sharp appreciation of the D-Mark had largely reversed

insolvencies The number of corporate insolvencies in Germany in January rose 13.3 per cent from a year earlier, while the Ifo research

EUROPEAN NEWS DIGEST

institute said demand in the manufacturing industry in March was "weak" and the general situation in the sector had worsened from February.

Germany's federal statistics office reported yesterday that insolvencies rose to a total of 1,868, following December's 10

per cent year-on-year rise in corporate insolvencies to 2,174.

Rise in German

Ifo said in its March economic survey that capacity utilisation fell to 81.9 per cent in the first quarter from 84 per cent at the end of December. Orders on hand in March were equivalent to 2.7 months of production, compared to 2.5 months at the end of December. But Ifo said there was an increase in the number of companies which regard the level of outstanding orders as too low.

Companies were more pessimistic about the general outlook or the next six months and less confident about export prospects. Companies in some sectors remain just as sceptical about business prospects as in February, the research institute AFX, Wiesbaden, Manich

Italy's poll winner sees rate cut Mr Walter Veltroni, deputy leader of the Olive Tree alliance which won the Italian general elections, said he foresaw a cut in the Italian discount rate of at least 1 per cent within the

next few months. In an interview with the weekly news magazine, Panorama, Mr Veltroni said the cut would mean an extra L20.000bu (\$12.9bn) would be available to get the Italian economy "in

motion". Meanwhile, Mr Paolo Garonna, director general of the Italian statistics bureau, said any rate cuts would have to wait until the government's mini-budget, due by May 15, and the reactions of the financial markets.

"If the financial markets welcome the new centre-left government's fiscal and economic programme, the lira will be strong enough to make possible a re-entry into the European exchange rate mechanism," Mr Garonna said. Agencies, Rome

EU requires belts on buses

The European Union has agreed that new coaches and mini-buses will have to fit seat belts for all passengers. The decision was taken on Tuesday after EU officials hammered out a deal on phase-in dates for new rules.

From 1999, all new designs of mini-bus will have to have three-point seat belts, officials said. All designs would have to comply by 2001. Between those two dates, vehicles approved beforeband will continue to be sold. For medium-sized and large coaches, the agreement is for two-point belts and energy-absorbing seats for new vehicle types from 1997 and for all new vehicles from 1999. Reuter, Brussels

French growth revised down France's gross domestic product in 1995 grew 2.2 per cent,

revised down from a preliminary estimate of 2.4 per cent, the national statistics bureau, Insee, reported yesterday. The country's fourth-quarter GDP shrank 0.4 per cent, a steeper decline than the 0.3 per cent estimated earlier. Insee also revised second- and third-quarter 1995 growth to 0.1 per cent for each quarter, from 0.2 per cent. First-quarter growth was left unchanged at 0.7 per cent. Mr Alain Lamassoure, budget minister, blamed the downward revisions on the national strikes late last year

While admitting that Germany had was moderately optimistic about Gerthe long lead times for decisions to German workplace consensus 'has failed'

tary union.

By Wolfgang Münchau in Cologne

The German model of consensus in industrial relations has failed, and the country faces an exodus of industry unless it embraces painful change, according to the head of Germany's main industry body.

In an interview, Mr Hans-Olai Henkel, presi-ent of the Federation of German Industry (BDI), said the German trade union movement was facing terminal decline, and suggested that Germany would move increasingly towards an Anglo-Saxon style emphasis on individual self-reliance.

His blunt and harsh critique of Germany's consensus-based industrial system and welfare state came as Chancellor Helmut Kohl, employers and unions prepared for Tuesday's tripartite talks on welfare reform which broke up in Mr Henkel said public sympathy for an alliance for jobs - proposed by unions as a trade-off between pay restraint and job creation - "corre
The German consensus model had worked sponds to the desire among Germans to generate jobs by means of round-table discussions, by putting arms around each others' shoulders, by signing papers, instead of swallowing bitter medicine. "The public is being conned into

well for 40 years, but was not working at the moment, as it has resulted in growing unemployment. "This model is on trial not only because of its results but also because other countries have achieved similar levels of social

Industry chief: 'The public is being conned into believing that employment can be generated through alliances

believing that employment can be generated through alliances and fiddling with symptoms," he said. If the government continued to seek union approval for the welfare reform agenda, it would fail to meet its target to cut unemployment in half by the end of the decade "and the employers will have no choice but to do what they did in the last few years. We will

peace and political stability. Today, there are no strikes in Great Britain, nor in most other countries."

He also criticised the German tendency "to do everything exactly the same in every part of the country", such as the restrictive laws on shopping hours, which apply uniformly throughout the country, and industry-wide wage contracts,

in society. "People want less co-determination or determination by others. They want self-deter-mination, and I believe that freedom is increasing in western democracies."

Like other employers and a growing number of politicians, he expressed deep concern about the prevalence of risk-aversion in a country where jobs in the civil service are widely seen as

> "These are the consequences of a complete and utter social saturation of our working population, which the unions and a generation of welfare politicians have created. Without this security, we would have more pioneers and risk takers, as we had after the war," he said. Editorial Comment, Page 17

preferable to jobs in industry.

which take little account of regional variations and the profitability of individual companies.

Mr Henkel said trade unions were "in decline

throughout the world". One reason was the

changing perception of the role of the individual

Nato bans flights by Bosnian army

The Nato-led peace force has grounded all Bosnian government flights until further notice after unauthorised aircraft did a flypast during a military parade last Sunday, a force spokesman announced yesterday, AP reports from

Nato has controlled Bosnian airspace since a no-fly zone was imposed in the summer of

After the ceasefire took effect in October last year, Nato allowed the parties to carry on non-military flights but those have to be approved by Nato 72 hours in advance, while the peace force makes random checks on passengers

and cargo. The Bosnian army on Sunday flew two helicopters and two light fixed-wing aircraft without prior authorisation during the parade in Bihac in north-western Bosnia.

Major Simon Haselock, man for the peace force, said that "as a result of these breaches" the commander of the Nato ground forces in Bosnia, Lieutenant General Sir Michael Walker, had banned all Bosnian government flights. In last Sunday's incident, the Bosnian army drove tanks, artillery pieces, armoured vehicles through Bihac. Major Haselock said the peace force remained worried by "potential hostile rallies".



NEWS: THE AMERICAS

Landmark bill passes US Senate

Healthcare reform starts at hament votes to take shape

By Jurek Martin in Washington

The health insurance bill passed by the US Senate on Tuesday may be the country's largest medical reform measure of the last 30 years - but its progress into the statute books is far from assured.

Significant differences exist between the bills passed by both chambers of Congress and President Bill Clinton is poised to veto any compromise legislation that emerges from the joint conference committee which includes controversial provisions approved by the Even the composition of the

conference committee was a matter of dispute yesterday. Moderate Republicans and Democrats on the Senate labour committee temporarily blocked a move by Senator Bob Dole, the majority leader, to weight Senate representation on the panel in favour of conservative members from the finance committee.

The Senate bill, co-sponsored by Senators Edward Kennedy, the Democrat from Massachusetts, and Nancy Kassebaum, the Kansas Republican, was eventually passed by an unusual 100-0 vote. But Mrs Kassebaum repeated her warnings that the House of Representatives version was unacceptable to her, while Mr Dole said that aspects of the Senate bill would never get through the House. The Kennedy-Kassebaum

measure is a pale shadow of Mr Clinton's failed healthcare proposals of 1993-94, which the president has recently admitted were too complex. Nevert'agless, it constitutes the first substantial reform of any part of the health insurance regime since the creation of Medicare and Medicaid, covering the elderly and the poor, in the

Their bill would make insurance more portable from job to job and sharply limit exclusions from coverage for those with existing medical conditions - both features of the House bill. It would gradually increase tax deductibility for the self-employed from 30 to 80 per cent of premium costs.

But it would also require insurers to provide coverage for mental illnesses comparable to that available for physical ailments. Senator Pete Domenici, the Republican from New Mexico, captured the mood of the Senate precisely when he said that existing low coverage for mental illness was "one of the real continuing intustices in America today". Senators Dole, Kennedy and

Kassebaum - as well as much of the insurance industry believe, however, that this would inevitably lead to a steep increase in premiums and thus might persuade companies to stop offering insurance to their employees The House version includes

the creation of medical savings accounts (MSAs) and places limits on malpractice lawsuits against doctors and hospitals, both rejected by the Senate, partly for political reasons but mostly in order to keep its bill as uncomplicated as its co-sponsors wanted. Mr Clinton has said that he will veto any final bill that includes either.

MSAs would enable healthy people to set aside funds for future medical problems in special tax-deferred accounts. Its critics claim this favours the rich and could also lead to an increase in general premiums if the insurance pool were stripped of those making few medical claims.

Neither bill addresses the problem of the uninsured, a central plank in the Clinton proposals. These were estimated at 37m people two years ago and now probably exceed 40m. As Mr Kennedy told the Senate: "This legislation is not comprehensive health reform... but it is proof positive that progress is again possible."

Celebrities bid for a piece of Camelot When Americans clear junk from their attics they hold a Maggie Urry reports from New York on sale of Jackie's trinkets

But when a former First Lady's children have estate taxes to pay, Sotheby's is hired to stage an event of unparalleled vulgarity. Primly described by the old-established auction house as "the sale of art and objects from the estate of the late Jacque-line Kennedy Onassis", it has been dubbed the most expensive garage sale in history.
Wisely, John F Kennedy Jr

md Caroline Kennedy Schlossberg were not in attendance when the auction of their mother's possessions began on Tuesday evening. Even New York magazine, a publication not noted for delicacy of feeling, likened the sale to "going through the poor woman's under a canopy outside. underwear drawer". As lot after lot sold for many A fleet of black stretch limos deposited rhinestone-spangled celebrity bidders outside Sotheby's New York auction house on Manhattan's Upper

East Side for the event. Once inside, buyers fought to pay well over the odds for Jackie's silver-cased Tiffany tape measure, John Jr's high chair, and the now stained and torn footstool little Caroline once used to climb on to the window seat at the White

Victors emerged, some, like Joan Rivers, the talk show hostess, displaying their spoils

times estimate, the first see sion of the four-night sale brought in \$4.5m, almost reaching the \$5m at which Sotheby's valued the entire anction - an indication that it totally misjudged the level of

public interest.

John F Kennedy's rocking chair, estimated at \$3,000 to \$5,000, sold for \$442,000, hefore commission. A hymidat given to the president for his inauguration by the comedian Milton Berle was knocked down for \$574,000, more than 200 times its estimate. Mr Martin Shanken, editor of the

magazine Cigar Afficionado.

bled its forecast at \$222,500. Much of what is on offer is paste and reproduction, and the sort of tunk any family collects. Why would anyone pay so much for the jumble on sale at Sotheby's?

First, there is the growing desire to own something that once belonged to someone famous, which has spawned a

beat off frenzied competition

Actual works of art beat

their estimates more modestly.

Robert Rauschenberg's "Drawing for President of the USA

with Dante" sold for \$244,500,

against an expected \$100,000.

to acquire it.

and John Singer Sargent's "Head of an Arab" only dou-The best prices were paid for items which had graced the White House. Things Jackie acquired in her Onassis period were less sought after. As one older American put it

off on them.

yesterday, you can only understand the outpouring of sentiment, nostalgia and money if you lived through the Kennedy years, when the White House became "Camelot".

sions. Buyers, perhaps, believe

that some of the fame will rub

In the case of the Kennedy

sale, as many of the bidders

said, they were buying not just

fame, not just Jackie's "good

taste", but "a slice of history"

combined with the perfect family. The vigorous young president was going to transform America, with a beautiful wife at his side and the ideal "one of each" children at his knee. The shattering of that image by an assassin's bullet, Jackie's dignity in her grief, the children's presence at the funeral, only added to her iconic power.

There is once again a young ish president installed in the White House, with an attractive-ish wife at his side. But the Clintons have not rekindled the hopes of the early 1960s and Americans still long for Camelot. By buying something from those years, they are trying to recapture the fantasy.

Paraguayan strongman forces president's retreat

dictatorships left in South America, but many Paraguayans yesterday felt their country had confirmed its reputation as a tinpot democracy when President Juan Carlos Wasmosy caved in to military strongman General Lino Oviedo.

The rebellious general, who earlier this week had threatened a coup d'etat, yesterday stepped down as army chief in return for a presidential promise to appoint him defence minister.

Mr Wasmosy's apparent retreat in the face of military might came despite huge domestic and international support for his earlier decision to sack the general. In a military ceremony

replete with the pomp, strutting and stiff salutes associated with the Latin America of yesteryear, Mr Wasmosy accepted Gen Oviedo's resignation. Mr Wasmosy, Paraguay's first elected president in half a century, said the compromise was the only way to avoid "bloodshed and the possible deaths of innocent compatriots".

But even as the president was bear-hugging the general in an army barracks in the outskirts of the capital, Asunción, angry crowds were gathering in protest outside the presiden-

The state of the s

David Pilling reports from Asunción on a return to the bad old days of S American politics

tial palace. Many of the same people who on Tuesday had flocked to support Mr Wasmosy in his stand-off with the general yesterday repudiated what they saw as the presi-dent's cowardice in missing an historic opportunity strengthen the country's fledgling democracy.

"Today the people's eyes were opened and they realised that a pact had been made between Oviedo and Wasmosy," said Mr Roberto Aguilar, a campaigner for homeless

Several politicians from the governing and opposition parties said they would oppose Gen Oviedo's appointment as defence minister, a promotion they described as an autogolpe,

executive. Little would now stand in the way of the general's ambitions to be elected president in 1998, they said. Some legislators vowed to press for the general to be put on trial and the impeachment of the president.

Prospects of a serious rupture within the governing Colorado party were also raised when Vice-President Angel Roberto Seifart said he rejected "any solution that signified rewarding an act of rebellion and sedition". Retired Major Fernando

Oviedo, who attended his hm ther's ceremonial bandover of command - an event attended by Mr Cesar Gaviria, secretary general of the Organisation of American States said Gen Oviedo's campaign for president "has just begun" Maj Oviedo, who was hoping for a post in his brother's future cabinet, said: "We will clean up this country of its bad ways, of contraband, and drugtrafficking and all sorts of murky deeds."

In a farewell speech to his soldiers, Gen Oviedo – wearing a jutting peaked cap that added several inches to his small stature - said "no just or democratic state should underestimate the role of the armed forces.

The dignity of the ceremony



General Oviedo and President Wasmosy in a bear-hug at an army barracks outside the capital yesterday

was undermined when a large. flightless rhea wandered nonchalantly across the parade ground, mingling with soldiers garbed in the red, white and blue of the Paraguayan flag. At one point, quote-hungry journalists stampeded the podium only to be greeted by an eerie clicking as nervous young soldiers loaded magazines into their submachine guns.

Although most Paraguayans appear to have rejected the posturings of Gen Oviedo, the populist orator who uses the native Guarani language in speeches to poor compesinos is not without his supporters.

"This is the last strongman in Paraguay. We are all afraid of him, but he is good for the country," said one man yesterday. "He's a real macho, but he has always offered a hand to the poor.

In downtown Asunción. there were freshly painted signs proclaiming "Oviedo For

Mr Vincente Prieto Servian. a corpulent Colorado party offi-cial draped in gold jewellery. said excitedly: "Oviedo is the Paraguayan Pope. Remember this fat, ugly man told you be is going to be the next presi-

Defence lifts orders figures

US durable goods orders rose surprisingly in March as strong demand for new aircraft more than made up for weaker new-car orders, the Commerce Department said yesterday, Reuter reports from Washington. But without aircraft and defence-related orders, the report reflected moderate economic growth, according to analysts.

Total new orders for durable goods rose 1.4 per cent to a seasonally adjusted \$167.6bn in sharp contrast to Wall Street economists' expectations of a 0.3 per cent decline. Orders fell in January and February.

Besides new aircraft, the increase was also fuelled by defence orders, which shot up 73 per cent to \$10.3bn after falling 21.1 per cent in February. It was the biggest monthly rise in defence orders since an 85.3 per cent jump in December

"The rise was all in defence. otherwise the figures were fairly subdued," said Mr David Sloan, senior economist at consultants IDEA. "There was a rise in transport orders but that was aircraft parts for defence since there's an overlap between defence and transport. The defence rise will be reversed next month."

Strike cripples | Timing Japan's interest rate rise Sri Lankan tea plantations

By Amal Jayasinghe in Colombo

An unprecedented work stoppage has crippled plantations in Sri Lanka, the world's largest exporter of tea, and added to the woes of the country's war-battered economy, trade unions and officials said yesterday.

An estimated 800,000 workers in the tea, rubber and coconut estates are on a strike, demanding a 10.5 per cent wage increase which the government says it cannot afford because the industry is only just recovering from a prolonged slump. The strike will continue until Saturday, when leaders will decide on whether to step up their action.

"A few estates which are doing well may be able to absorb a higher wage," said Mr Mahinda Rajapakse, labour minister. "But the majority are in a bad shape and if we raise wages now, a lot of small holders will have to close

Officials said the strike was costing the tea trade \$10m a week but the long-term damage to the image of "Ceylon Tea" and the loss of buyers could be more serious.

The tea bushes grown on ountain slopes in central Sri Lanka must be pruned daily by hand to pick tender, light green leaf buds that go to make top-quality black tea. "If the crop is neglected for

one week, it will take longer to get back to normal," a broker at the Colombo Tea auctions said. "The quality will suffer and drive buyers to competing markets in India and Kenva.

The strike also underscores the uneasy relations within President Chandrika Kumaratunga's governing coalition. Mr Saumyamoorthy Thondaman, rural industrial development minister, who heads the powerful Ceylon Workers Congress (CWC), is the leading

President Kumaratunga's People's Alliance party has a one-seat majority in the 225member assembly and that puts a premium on Thondaman's seven CWC legislators. Mr Thondaman is holding

the government to ransom and in the process digging the grave for the entire country," a bitter tea trade official said.

The CWC, however, said it

was demanding only what had already been granted to work-

ers in other sectors. Tea pluck-

ers are currently paid \$1.37 a

day, slightly less than a junior

"The strike is a tremendous

success," CWC spokesman Mr

But it is seen by financial

analysts as a double blow to

the country's foreign invest-

Labour unrest comes hot on

the heels of stepped-up Tamil

rebel attacks against economic

targets in the capital, Col-

Less than two weeks ago.

the Tamil Tigers tried but

failed to bomb Colombo har-

bour. The guerrillas, however,

caused widespead concern

with the bombing of the Cen-

tral Bank on January 31, kill-

The tea and rubber planta-

tions, which account for about

a quarter of the country's total

exports, are being put up for

sale under the government's

ambitious privatisation pro-

gramme, which hopes to

earn \$420m in total from the

sale of state assets such as

telecoms, national airline and

the plantations, and the

money is to finance the budget

Any shortfall will further

viden the deficit, which in last

November's budget was fore-

cast to reach 9 per cent of

gross domestic product for

tricity shortages have also added to the headaches of the

The defence budget, esti-

mated at \$670m for 1996, is

threatening to go up with the

escalation of fighting between

government forces and Tamil

Tamil Tigers in 1995 absorbed

\$640m, or nearly a 10th of gov-

ernment revenue. With the

fighting causing more deaths

every day, the tiny Colombo

Stock Exchange has been see

"The market seems indiffer

ent to the tea strike or any

other development," senior

broker Mr Elton Ebert said.

The market is so depressed it

is difficult for it to go down

ing a steady decline.

The war effort against the

The government hopes to

attract foreign investors.

P. Anthonymutta said.

civil servant

ment prospects.

ing 91 people.

deficit this year.

government.

Gerard Baker on false noises and real signs for monetary authorities

The world's leading Japanese rates: unorthodox manoeuvres finance ministers generally try to avoid giving each other public instructions about how they should be conducting their national monetary policies. The spring meetings of the Group of Seven finance ministers and the International Monetary Fund are usually treated instead as an opportunity to present an image of orderly co-ordination of policy among friends. It was with slight irritation.

then, that last weekend the Japanese authorities attending this year's G7/IMF meeting in Washington received the stern admonitions of Mr Robert Rubin about the future course of Japanese policy. The US Treasury secretary voiced concern at the prospect that Japan might be about to end its long period of monetary accommodation and move to raise inter-

est rates. "Prospects in Japan have improved since we last met...But risks remain, and an early tightening of policy could undermine the recovery," he said.

Though they quickly played down any suggestion of a rift, Mr Wataru Kubo, the finance minister, and Mr Yasuo Matsushita, the governor of the Bank of Japan, know very well that Mr Rubin was consciously adding to the pressure on them as they approach a critical stage in their deliberations on interest rate policy.

Mr Rubin's worries are understandable. Japan's record-breaking monetary easing of the last year has proved an undisguised blessing not just for Japan, but for the whole world. Since the official discount rate was cut to an all-time low of 0.5 per cent last September, the Japanese economy has at last broken free of recessionary grip that had held it for four years. Output growth in the fourth quarter of

tainly point in that direction.

Narrow money supply is grow-

ing at an annual rate of 16 per

cent, though broader money

growth is much slower. And

with the stock market rising

fast, Mr Matsushita's reminder

about the policy errors that led to the bubble economy appears

timely. The bond market is dis-

counting, cautiously, a rise in

Japanese interest rates, per-

Though the economy is gradu-

ally recovering, inflationary

pressures remain mild. The

recession was so deep that the

decline in production has

opened up a huge gap between

Japan's actual output and its

potential output - estimated

by the Organisation for Eco-

nomic Co-operation and Devel-

opment to be at about 4 per

cent of gross domestic product.

This suggests the economy

could grow for some years at

current rates without the risk

to take place over the next

year or so. As the government

looks to restore its finances,

it will want to use low int-

An additional constraint

of re-igniting inflation.

This still looks premature.

hans within weeks

last year was an annualised 3.6 per cent and is expected to

remain above 2.5 per cent. As Japan's markets have gradually opened up, that improvement has translated much more fluently into world output.

And the same low interest

rates have also benefited financial markets. The Bank of Japan's injections of liquidity aimed at keeping rates low have contributed to the dollar's sharp rise in the last six months and have even assisted overseas bond markets. A change in policy now would threaten both real economic performance and the stability global capital flows.

But for some weeks, Japan's policy makers have been issuing dark hints about the need for an increase in interest rates. Just last week, days before the Washington meetings, Mr Matsushita again mused publicly that low interest rates had been one of the main causes of the asset price inflation of the "bubble" economy in the 1980s - a mistake, he suggested, that would not be made again.

Is the largesse about to end? Monetary indicators cer- erest rates to compensate for

the reduction in demand. Then, of course, there is the perennial financial problem. Low interest rates have helped the banks offload a large chunk of their bad loans, but their condition is still fragile, and they continue to need as much help as the authorities can provide.

None of this, however, necessarily rules out a technical monetary tightening in the next few months.

For a year, the central bank has been doing something unusual in the country's money markets. It has been deliberately holding call money lending rates below the normally base level official discount rate. The reason for the unorthodox manoeuvre has been the financial emergency the country has been experien-cing. The Japanese financial authorities have been on red alert for serious liquidity prob-lems at some of the smaller banks, several of which have already collapsed. Holding the call rate below the official rate provides a quick channel for cheap, emergency lending to the less liquid institutions.

When the authorities decide that the immediate threat to the system has passed they will nudge rates gently back to normality, and allow the call rate to drift back above the official discount rate.

That should not be construed as an official monetary tightening, however, more of a technical adjustment in recognition of the more stable condition of the financial sector. A rise in the official discount rate, which will mark the genuine start of the upward phase of the interest rate cycle, will not on policy will be the tightening of fiscal policy that is likely follow until the Bank and the finance ministry are convinced that the recovery is set fair. Then it will be their judg-

ment, not minatory remarks by foreign governments, that will ASIA-PACIFIC NEWS DIGEST

Car output falls in Japan

The declining role of Japan as the world's manufacturing base for vehicles was underlined yesterday, with industry statistics indicating that domestic vehicle production declined last year for the fifth consecutive year.

The Japan Automobile Manufacturers' Association said that last year vehicle production in Japan dropped 5 per cent to 10.1m units, This is the first time in the industry's history that production has fallen five years in a row. Production in March was down 11 per cent month-on-month to 983,245 units, the

The decline reflects the ongoing shift of manufacturing overseas by Japanese carmakers. As they lace pressure from a high yen, trade friction and the growing need to compete globally for markets. Japanese carmakers have stepped up production in regional markets. Michigo Nakamoto, Tokyo

Optimism on China growth

China's economic growth this year is expected to exceed the target of 8 per cent and range closer to last year's 10.2 per cent GDP increase, according to the "1996 Financial Outlook" released by the People's Bank. The bank also expressed cautious optimism about China achieving its target of a 10 percent increase to retail price inflation compared with 14.8 per

The forecast predicts a narrowing of China's trade surplus, which reached \$16.69bn last year, according to Chinese customs statistics. In the first quarter of this year exports were down 8.7 per cent and imports up 23.2 per cent compared Tony Walker, Berjing with the same period last year.

Australian wage inflation slows

Australia's rate of wage growth slowed in February, lifting hopes that Australia could avoid a rise in interest rates in the short term and could even move towards a rate cut. Yesterday's figures showed average weekly earnings rising 0.4 per cent in the February quarter, to give year-on-year rate of wage inflation of 4.2 per cent. Private-sector economists had

expected a figure near 5 per cent. Meanwhile, Australia's federal department of employment announced it would cut 1,285 jobs, or about 8 per cent of the total, as part of the new coalition government's drive to reduce the budget deficit. Nikki Tair, S Nikki Tait, Sydney

Aum cult leader starts trial

Mr Shoko Asahara, the religious cult leader, yesterday returned to the centre of Japanese attention on the holly awaited first day of his trial on 17 charges of murder, attempted murder and illegal drug production.

Tokyo has not seen such heavy security since the day, last May, when Mr Asahara terrorised the capital's citizens by

prophesying a second gas attack. To the charges, Mr Asahara made no reply, beyond a brief speech in which he said he cared nothing for the pain resulting from his mission to bring his followers to "absolute freedom, absolute happiness and absolute joy."

The trial, which could last up to 10 years including appeals,

William Datekins, Tokyo Pensi Cola bows out of Burma

Pepsi Cola, the US drinks group, is to sell its 40 per cent stake in its joint venture in Rangoon, bowing to pressure in the US over Burma's human rights record.

The chairman of Pepsi Cola Products Myanmar yesterday said that the company would sell its stake to its local partner: under a new agreement the local company will continue to bottle and sell Pepsi and three other soft drinks under licence from the American company for at least five years.

Pepsi Cola's joint venture accounts for 85 per cent of the 6m cases of soft drink sold in Burma; by contrast it controls only 41 per cent of the cases sold in neighbouring William Barnes, Bangkok

Canberra determined on Telstra sale

By Nikki Talt in Sydney

Australia's new conservative federal government yesterday made clear its determination to push through legislation to allow partial privatisation of Telstra, the large governmentowned telecommunications group, warning it would extend parliamentary sittings

if necessary. Legislation to permit the sale of one-third of Telstra's equity which could raise around

A\$8bn (US\$6.2bn) for the government - is likely to be one of the biggest parliamentary battles faced by the new adminis-tration when parliament recommences on Monday after the March 2.

While the Liberal-National coalition has a huge majority in the lower house, it does not command a majority in the Senate. The balance of power is held there by two minor parties - who oppose the Telstra sale - and one independent.

Yesterday, Senator Robert Hill, the government's leader in the Senate, wrote to all senators warning that the coali-tion intended to get the bill passed during the next session. which is due to run from April 29 to June 27.

"This might well require sitting weeks beyond the end of June. The government will be seeking such extra sitting weeks as are necessary to achieve its objective." he

The timing of the sale which if completed in a single tranche would be much bigger than any previous sell-off - is delicate. Australia has been moving towards a deregulated telecommunications market. and Telstra's former monopoly position has already being eroded in the long-distance and cellular markets. Optus, its principal competitor, is due to start offering local telephony services shortly, via Optus Vision, its cable associate.



nursery addresses some of the problems facing people that can force them to chop down trees.

Where hunger or poverty is the underlying cause of deforestation, we can provide fruit trees.

The villagers of Mugunga, Zaire, for example, eat papaya and mangoes from WWF trees. And rather than having to sell timber to buy other food, they can now sell the surplus fruit their nursery produces.

Where trees are chopped down for firewood, WWF and the local people can protect them by planting fast-growing varieties to form a renewable fuel source.

This is particularly valuable in the Impenetrable Forest, Uganda, where indigenous hardwoods take two hundred years to mature. The Markhamia lotea trees planted by WWF and local villages can be harvested within five or six years of planting.

Where trees are chopped down to be used for construction, as in Panama and Pakistan, we supply other species that are fast-growing and easily replaced. These tree nurseries are just part of the work we do with the people of the tropical forests.

WWF sponsors students from developing countries on an agroforestry course at UPAZ University in Costa Rica, where WWF provides technical advice on growing vegetable and grain crops.

This unnecessary destruction can be prevented by combining modern techniques with traditional practices so that the same plot of land can be used to produce crops over and over again.

In La Planada, Colombia, our experimental farm demonstrates how these techniques can be used to grow a family's food on a small four hectare plot. (Instead of clearing the usual ten hectares of forest.)

WWF fieldworkers are now involved in over 100 tropical forest projects in 45 countries around the world. The idea behind all of this work is that the use of natural resources should be sustainable.

WWF is calling for the rate of deforestation in the tropics to be halved by 1995, and for there to be no net deforestation by the end of the century.

Write to the Membership Officer at the address below to find out how you can help us ensure that this generation does not continue to steal nature's capital from the next. It could be with a donation, or, appropriately enough, a legacy.



WWF World Wide Fund For Nature

International Secretariat, 1196 Gland, Switzerland.

FOR THE SAKE OF THE CHILDREN WE GAVE THEM A NURSERY.



Yeltsin visit heralds China trade pacts

By Tony Walker in Beijing

Yeltsin was entertained at a lavish banquet in Beijing's Great Hall of the People last night at the start of a three-day visit to China during which more than a dozen trade and other agreements will be ini-

These will include a feasibility study of a gas pipeline from Siberia to the Yellow sea, reaffirmation of an agreement negotiated in 1993 for a nuclear power project, and an agreement covering intellectual property rights.

Mr Viktor Mikhailov, Russia's nuclear energy minister accompanying Mr Yeltsin, said haggling over price for twin 1,000MW pressurised water reactors was holding up a final deal. The project in north-east Liaoning Province is expected to cost \$4bn for the first phase.

Mr Yeltsin will push Russia's claims to be involved in build-Russia's President Boris ing China's \$30bn Three Gorges project which aims to harness the water of the Yangtze for power generation. A Russian consortium has been formed to bid on supply of turbine generators.

Other agreements and protocols to be signed include those aimed at facilitating trade. improving co-ordination in combating organised crime. and extending co-operation in environment protection along the 4,300km common frontier of the two countries.

Mr Yeltsin is also due to initial a framework agreement for security consultations with the leaders of China and three Central Asian republics - Tajikistan, Kyrgyzstan and Kazakh-

The signing of the agreement will be conducted in Shanghai

Mongolia aims to capitalise on its reforms

With some social problems Mr Ochirbat added. But it was a sign that Mongolia, the first

Asian country to espouse com-

munism and the first to reject

it, was well ahead in its pro-

Democracy, too, was taking firmer hold, with a multi-party

system enshrined in the consti-

tution. The president, who leans to the left-wing opposi-

tion Mongolian Social Demo-

sonably comfortably with a

government formed by the con-

servative Mongolian People's

The latter is expected to win

Revolutionary Party (MPRP).

the general election due on

June 30, when the govern-

ment's term expires. Mr Ochir

bat remains favourite for the presidential election in 1997.

he said. Inflation is too high

and Mongolia has to renegoti-

ate its rouble debt with Russia.

Agreement was close on this,

he said. Businessmen say the

biggest obstacles remain the

shortage of infrastructure and

and over 28m head of livestock,

Mongolia has an even bigger

ratio of animals to people than

New Zealand. With such a low

population it could also

become rich like Kuwait if it

could exploit its mineral

But it is three times the size

of France, with few paved

roads. Energy is scarce, as is

money for infrastructure. Oil

companies are prospecting; Mr

Ochirbat is "optimistic" Mon-

With a population of 2.3m

electric power.

Not all difficulties were over

cratic party, has cohabited rea-

cess of transition.

By Peter Montagnon, Asia Editor, in London

There is an old Mongolian saying about hardship, says the country's President Punsalmaagiin Ochirbat. If it is quick and sharp, then even longer happiness will follow.

In London on an investment nission yesterday, he argued his country was finally on the verge of long happiness after several traumatic years of economic reform Last year's 6.3 per cent growth was almost respectable even by the demanding standards of Asia. Moving from communism to

a free market economy was never going to be easy despite Mongolia's rich endowment in natural resources, Mr Ochirbat said. But that did not mean it was wrong to move speedily on reform after the breakdown of communism in 1991

Initially, living standards collapsed, creating serious and still unresolved social problems, including a sharp rise in unemployment and homelessness, especially among young children. In the worst year of 1992, the economy contracted by 9.5 per cent and inflation soared to 325 per cent.
But Mr Ochirbat said the

economy was now recovering. Capital investment rose 25 per cent to \$190m last year. Industrial output was up nearly 21 per cent. Inflation is officially forecast to fall to 35 per cent this year from 53 per cent in 1995, and businessmen say about 50 mining companies are looking at ways of exploiting large deposits of gold, molybdenum and copper. The improving economy

would create scope for dealing

golia will soon have its own oil products. Only if that really happened would a long period of happiness be guaranteed.

MONGOLIA: ON THE MOVE

	_		- '	
Experie de les	1990	1992	1994	1995
Sports (\$USm) GDP growth (%)	-660.7	388.4	367.5	511.8
Inflation (96) in the contract of	-2.5	-9.5	2.3	6.3
Inflation (%) Unamployment (000)		325.5	13.3	201
Total foreign aid (\$USim)	• • · · · · · · · · · · · · · · · · · ·	54.0	74,9	45.1
- an imposition	n/a	2004	1006	1 min

Car output fall, in Japan

den name inflations

Chainet startetig

and the same of the

FINANCIAL TIMES THURSDAY APRIL 25 1996

YOUR BIGGEST GLOBAL RISK MAY BE USING AN INSURER WITHOUT THE FINANCIAL STRENGTH AND INTEGRATED

GLOBAL CAPABILITIES OF AIG.

Quite simply, if you're a global company, you face a variety of changing financial exposures. You need a financial partner that not only understands complex risks, but can also provide a variety of insurance and financial solutions. Not to mention the size, strength and stability to be there for the long term. Enter AIG – with unparalleled global capabilities backed by extraordinary financial strength.

What AIG offers is expertise not only in insurance, but also in managing and integrating total marketplace risk. By combining traditional insurance with sophisticated financial solutions, we create unique consolidated risk financing programs, including large-limit multiyear packages with flexible terms and limits.

And who better to meet your local needs than someone who's there? With offices in 130 countries and jurisdictions throughout the world, we have an unmatched knowledge of local conditions and regulations. These resources deepen our own on-the-ground financial structuring, engineering and claims capabilities.

To underscore that we can handle all your needs, we've even created a specialized division, AIG Global Risk. Only AIG could bring together this seamless unit to provide integrated risk management solutions. Access is just a call away.

And we back it all up with an impeccable balance sheet, Triple-A ratings, capital funds of nearly \$20 billion, and net loss reserves approaching \$20 billion.

So we'll be there whenever and wherever you need us. Because no one else can.

For more information please call Tobey J. Russ at (212) 770-7898.

WORLD LEADERS IN INSURANCE AND FINANCIAL SERVICES
American International Group, Inc., Dept. A. 70 Pine Street, New York, NY 10270



Mongolia ain to capitalise on its reform

Airbus likely to partner China on new 100-seat jet project

By Michael Skapinker in Toulouse

Airbus Industrie, the aircraft manufacturing consortium, has emerged as the likely co-ordinator to help China build a 100-seat jet, Mr Jean Pierson, Airbus managing director, said yesterday.

China indicated earlier this month that it regarded the Europeans as its favoured partners in the project over Boeing of the US. The European 100-seat jet project is currently being co-ordinated by nese which would have involved

Aero International Regional, a joint venture between Aerospatiale of which Dasa had a majority stake, France, British Aerospace and Alenia of Italy.

China has also indicated, however, that it would like Daimler-Benz Aerospace (Dasa) of Germany to be involved in the project. Dasa is a leading member of Air-

100-seat jet project. posals for a 100-seater to the Chihelping to assemble the aircraft.

Mr Pierson said yesterday, however, that Fokker's financial collapse had changed the situation, allowing the Europeans to draw Dasa into their project.

Dasa has said that it wants Airbus but is not part of the European bus to supervise the project. Mr Pierson said: "That's probably Instead, it submitted its own pro- what will happen. The Chinese want Airbus involved. Probably we will find a way in Europe to

give the Chinese what they want." Aérospatiale and British Aero-space are also shareholders in Airbus, although Alenia is not.

The Airbus partners have said, however, that they would be happy to see Alenia becoming more involved in individual Airbus pro-

Mr Pierson also said that the proposed changes in the structure of Airbus could result in the loss of up to 20 per cent of white-collar jobs in the partner companies' Airbus subcommittee investigating the restructuring of the consortium was likely to present a range of options rather than simply suggesting that the European consortium becomes a profit-making company.

Mr Pierson said that while the four companies that own Airbus were all committed to change, it would be impossible for the consortium to move immediately to being

a listed company. The committee, under the leader-

sidiaries. However, he said that the ship of Mr Edzard Reuter, former chairman of Daimler-Benz, will report at the end of June on whether Airbus should abandon its status as a Groupement d'Intérêt

As a GIE, Airbus makes no profits or losses in its own right.

These accrue to its shareholders -Aérospatiale and Dasa which each own 87.9 per cent, British Aerospace which has 20 per cent and Casa of Spain which has 4.3 per cent. Mr Pierson said that the Reuter

committee would not necessarily recommend that the GIE structure be abandoned entirely.

He said that it could either recommend that Airbus become a limited company or that it changed the way it operates while remaining a GIE. He said it would be difficult to bring in outside investors immedi-

If Airbus became a limited company it would initially be owned by its existing shareholders.

WORLD TRADE NEWS DIGEST

Sino-British shipping pact

China and Britain have reached a maritime agreement which is expected to increase trading opportunities for UK shipping lines in China and the Far East. The accord will end discriminatory fees at Chinese ports, providing a big saving

Britain does not normally sign bilateral agreements of this type and only has shipping accords with the former Soviet Union and South Korea. But China places great emphasis on shipping agreements. It has signed them with 46 countries, including Germany, France and the Netherlands. These deals were increasingly placing British lines at a competitive

UK shipping lines will be permitted to open branch offices in China and to market their own services. They will gain access to Chinese cargoes and Chinese ports on the same basis as other foreign lines and administrative formalities will be Charles Baichelor, Transport Correspondent

India steps up export of gems

India's gem and jewellery industry had a record year for exports in 1995-96. The \$5.4bn figure, up 15.8 per cent on sales of \$1.7bn a year earlier, represented almost a fifth of the country's total foreign exchange earnings for the year. according to figures from the Gem and Jewellery Export

Diamond exports worth \$4.7hn accounted for 86 per cent of all exports from the sector, sustaining India's position as one of the world's leading exporters of small, cut diamonds. Cheap labour has led to the growth - notably in western Indian

states - of companies specialising in the cutting and polishing of small gemstones for use in lower priced jewellery. Most rough stones are imported to India, through De Beers in the UK, and the council said the diamond sector's exports were worth \$1.4bn more than imports in 1995-96, a rise of 15.2 per cent on a year earlier.

Exports of gold iewellery rose by 16.8 per cent to \$567m. This was well below the target of \$625m, and was blamed by the council on impediments in the import of coloured stones and "erratic" gold supplies. However, finished jewellery exports are expected to increase further in the next few years as several of India's biggest diamond cutting houses shift towards designing and manufacturing their own finished Mark Nicholson, New Delhi

EBRD loan to save port

The European Bank for Reconstruction and Development is lending \$54m to Kazakhstan to rescue its only large port, Aktau, from flooding by the rising Caspian Sea.

The loan, the bank's first long-term credit to the country, will finance construction of a new 400 metre quay wall, two metres higher than the existing one. The bank said its funding should also pay for upgrading and replacement of the port's utilities, which have been damaged by flooding. This should

large-scale commodity cargo.

The port is key to Kazakhstan's plans to increase oil exports by tanker, as an alternative to the restricted Russian pipeline network. Kazakhstan is negotiating with Iran for oil deliveries that could be swapped for Iranian oil at the Gulf, and might deliver oil to a future pipeline that would link Azerbaijan's oil fields to ports in Turkey. The EBRD loan is tied to a commitment by the Kazakh government to spend an extra

AlliedSignal in China ventures

AlliedSignal, the US automotive-to-gerospace multinational, has formed two joint ventures with a Chinese partner to produce industrial polyester fabric and fibres, for use mainly in motor vehicles. It will have operational control of both ventures with Kaiping Polyester Enterprise

Kaiping, one of China's largest chemical fibre companies, has annual sales around \$40m. AlliedSignal gave no clue to the size of its investment but will take a 70 per cent interest in existing Kaiping production facilities in Guangdong province. some 125 miles from Hong Kong.

WTO close to deal on telecoms liberalisation

and Guy de Jonquières

Hopes grew yesterday that World Trade Organisation negotiators will reach a deal on liberalising the world's \$513bna-year telecommunications

market by Tuesday's deadline. In Geneva, trade officials said there had been a flurry of new and improved offers in the past few days, with indications of more to come. Meanwhile, negotiators yesterday approved regulatory guidelines outlawing anti-competitive practices by dominant carriers that will underpin moves to open telecoms markets to foreign com-

"I'm optimistic," said Mr Neil McMillan, the British official chairing the talks. "Time is short but there's a good

Most negotiators expect the 52-nation talks to continue

European Union may call an emergency council of ministers in Geneva on Monday to endorse any final improvements in its liberalisation offer. These are expected to centre on relaxing foreign ownership restrictions in France, Belgium, Spain and Portugal. In the past few days Argen

tina, Morocco, Thailand and Pakistan have tabled offers. bringing the total to 30, including the 15-nation EU. Colombia and Iceland are expected to do so shortly. Trade diplomats said they hoped the offer by Pakistan would encourage India to follow suit, despite the uncertainty caused by its general election next week.

Others are working on improved proposals, including Mexico, South Korea and all four members of the Quad group of leading traders - the US, the EU, Japan and Canada - following their talks in Kobe,

The European Union yesterday blocked moves to obtain a World Trade Organisation dispute panel ruling on charges by the US and four Latin American banana producers that its banana import regime violates fair trade rules, writes Frances Williams

Brussels says consultations are continuing on the long-running dispute with the US, Guatemala, Ecuador Honduras and Mexico. Under WTO procedures a panel must be established at the second time of asking, expected to be at the next meeting of the WTO's dispute settlement body on May 8. The EU operates a quota system for bananas that favours former colonies in Africa, the Caribbean and the Pacific at the expense of so-called "dollar" bananas from Latin America, where US

companies such as Dole and Chiquita have big investments. Two panels set up under Gatt, the WTO's predecessor, ruled against Brussels but the findings could not be enforced under

Japan, last weekend. Adding to the optimism was yesterday's announcement by Singapore that it would end its telecoms monopoly in 2002, five years ahead of schedule.

Sir Leon Brittan, Europe's trade commissioner, in Singa-pore for a world trade confer-

would "certainly act as a catalyst" for movement by other Asian governments, while Mr Jeff Lang, the chief US negotia-tor, hoped they would now find it easier to make fresh offers. Mr Lang reinforced the posi-tive mood by saying he was now starting to discern the

issues in the talks.

Both Sir Leon and Mr Lang have made intensive high-level efforts in the past few days to persuade them to move. Sir Leon, who visited Indonesia earlier this week, said he had been given "indications but not promises" that it would adopt a more flexible stance.

In Geneva, Quad trade officials were said to be near agreement yesterday on ways of curbing "free-riding" on international networks that

"critical mass" of countries

which Washington has said

must participate if the US is to

keep its own negotiating offer

on the table. However, he

stressed that this critical mass

Singapore's decision, announced by Mr Go Chok

Tong, its prime minister, is

particularly important because the negotiating stance of east

Asian economies is now emerg-

ing as one of the most crucial

had not yet been achieved.

would ensure the full inclusion of international as well as domestic services in the telecoms accord. The discussions centre on the conditions under which international lines could be leased for resale.

Washington had suggested that international services might be excluded from any agreement or liberalisation 47 delayed to prevent monopoly operators at one end of the international connection taking unfair advantage of cheap rates offered at the other end. However, negotiators also

warned yesterday that an apparent attempt by the US to restrict competition in its emerging market for satellite personal communications systems could pose an eleventh-hour obstacle in the talks. The companies involved - Iridium. Globalstar and Teledesic - say the curbs are needed to

WTO chief wants regional groups to wind down external barriers

Ruggiero urges global free trade

By Guy de Jonquières

Mr Renato Ruggiero, director general of the World Trade Organisation, yesterday urged regional economic groupings to aim for the creation of a global free trade area by moving to abolish all their barriers to

trade with non-members. We have to work from now on in order to be sure that big" regionalism and the multilateral system will converge, so that at the end of the process we will have one global free trade area," he told a world trade conference in Sing-

Mr Ruggiero said that unless regional groupings accepted that objective, the world would be divided in 20 years' time nental blocs, each with its own rules and internal free trade

but with external barriers against the rest of the world. "I leave you to imagine the consequences of this vision in terms of economic and political equilibrium. The problem of those who did not fit into any of the blocs would be a serious

Mr Ruggiero said it was vital that all regional groupings respect the most favoured nation principle, a keystone of the multilateral trade system which requires countries to deal with all trading partners on the same terms.

However, almost all the more than 100 groups in existence had been granted exceptions from the most favoured

Top ten regional trade groups

- North American Free Trade Agreement (Nafta) US, Canada and
- Mexico. Chile next in line to join European Free Trade Association (Effa) - Norway, Switzerland, lechtenstein
- European Union (EU) Ireland, Britain, France, Germany, Italy, Spain, Portugal, Finland, Sweden, Denmark, Luxembourg, Bel-gium, the Netherlands, Austria, Greece
- ean Free Trade Area (Afta) Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand Asia-Pacific Economic Co-operation (Apec) — Australia, Brunel, Malaysia, Singapora, Thalland, New Zealand, Papua New Guinea, Indonesia, the Philippines, Talwan, Hong Kong, Japan, South Korea, China, Canada, US, Mexico, Chile
- Mercosur Brazil, Argentina, Paragusy and Uruguay Southern African Development Committee (SADC); Angola, Botswana, Lesotho, Malawi, Mozambique, Maurithus, Namibis, South Africa, Swaziland, Tanzania, Swaziland, Zimba
- West African Economic and Monetary Union (UEMCA) Ivory Coast, Burkina Faso, Niger, Togo, Senegal, Benin and Mari South Aslan Association for Regional Co-operation (SAARC) -India, Paldstan, Sri Lanka, Bangladesh, the Maldives, Bhutan and

nation principle by World Trade Organisation rules. Mercosur and the Asia Pacific Economic Co-operation forum were the only groupings whose members had declared

themselves in favour of a policy of "open regionalism". Japan's trading partners,

under which internal and external trade barriers were removed at the same rate. The possibility of excluding trade groups from MFN obligations was out of date, Mr Ruggiero said. "Today, with the proliferation of regional groupings, the exception could

become the rule, and this would risk changing completely the nature of the sys-

tem." he said.

Mr Ruggiero said his proposal extended to long-established groups, such as the European Union, as well as new ones. "It would be very hard to imagine that there would be one big regional area, however noble its motivation. which would not participate in a movement to open regionalism and consistency with

Mr Ruggiero's call received a guarded response from Sir Leon Brittan, the EU trade sioner. He said regional groupings posed no threat to



or three big trading blocs

the multilateral system, provided they met international rules and lowered external barriers – though not necessarily by as much as between their

Both men responded coolly to a proposal yesterday by Dr Fred Bergsten, head of the Washington-based Institute of International Economics, that the WTO should commit itself to achieving global free trade

by 2010. Mr Ruggiero said setting a target date would be premature, while Sir Leon said it risked raising expectations too high and distracting attention from less glamorous, but essential, trade policy priorities.

China 'needs to clarify stance on entry talks'

By Guy de Jonquières

Mr Renato Ruggiero, director would be very important to general of the World Trade future of the negotiations. Organisation, said yesterday that China needed to clarify its negotiating position on WTO entry by this summer if it

wanted to be admitted soon. He also warned Beijing against treating its accession talks as a political negotiation. He said success of the talks would depend on China meeting the WTO's rules and the demands of all its members. not just of one - a thinly veiled reference to Beijing's repeated only real obstacle blocking its

Though Mr Ruggiero said he was offering "personal advice". and emphasised that existing WTO members also needed to negotiate in a positive manner, his remarks are the bluntest he

has directed at Beijing. Trade diplomats meeting in Singapore said they reflected his concern that China had still not fully grasped what was involved in the accession talks, and the need still to resolve a wide range of often technical issues. The diplomats said his message was also intended for Russia, which has also applied to join the WTO.

Mr Ruggiero said that the

way in which China responded

to requests for answers by the

tions about its trade policies would be very important to the "If China really wants to

improve its chances of quick WTO accession, it has to come to Geneva at the end of July 🚣 prepared to give the answers and the clarification that members of the organisation have asked about its industrial policies, liberalisation of agriculture and textiles, subsidies and other fields," he said.

"China's active participation in this negotiation with a native offer will be a very important element in shortening the negotiation," he said. China must remember that the negotiations were solely about trade issues and did not involve political matters.

Though he did not mention the US by name Mr Ruggiero said: "It is also important to understand that this isn't a negotiation with one partner but reflects the interests of all WTO members, including the

developing countries." He said China needed to make progress both in meeting the demands for improved market access by existing WTO members and in showing its readiness to accept the organisation's basic rules and disci-

BUSINESSES FOR SALE



NEW DATE ANNOUNCEMENT REPUBLIC OF PANAMA



INTERNATIONAL PUBLIC BID FOR THE SALE OF UP TO 49% OF THE SHARES OF THE INSTITUTO NACIONAL DE TELECOMMUNICACIONES S.A. (INTEL, S.A.) WITH THE RIGHT TO OPERATE THE COMPANY

It is hereby announced that the new date for the presentation of documents for Pre-qualification of merits and background of telecommunications operators interested in participating in the International Public Bld for the sale of up to 49% of the shares of the instituto Nacional de Telecomunicaciones, S.A. (INEL, S.A.) with the right to operate the company, WILL BE MAY 23, 1996 FROM 10:00 a.m. to 10:59

Oimedo David Miranda Jr. Ministry of the Treasury

Juan Ramón Porras CEO of INTEL, S.A.

Poland car investments in confusion zone

Policy divide puts skids under foreign companies, writes Christopher Bobinski

isputes within the Pol-ish government over tax and customs concessions are delaying a final factory planned by General Motors of the US.

GM's investment has become a crucial part of the govern-ment's strategy towards Silesia in the south-west of the country, one of Europe's most polluted industrial conurbations that faces job losses as sectors such as coal mining and steel are restructured. Under debate is the fiscal framework under which foreign carmakers such as Fiat and Daewoo will be operating as they develop the country into an important regional vehicle producer with an annual output of around 500,000 passenger vehicles, of which a third will be exported.

Mr Klemens Scierski, the industry minister who is backing GM's requests for generous fiscal and customs tariff incentives, is at the centre of the controversy as he pushes the government to grant Special Enterprise Zone status (known by the Polish acronym of SSE) to Gliwice, the town GM favours as a location for its

The SSE, which gives investors full corporate profit tax relief for 10 years and a 50 per cent tax holiday for another

decade, is a new concept. Last autumn the first SSE was established on the site of the near-moribund aircraft factory at Mielec in south-eastern Poland, and no investor has as yet been approved by the gov-

Next month, however, the cabinet is to be asked by Mr Scierski to approve two more zones. One is in the Suwalki region in the north-east where unemployment is more than twice the national average of 14 per cent. The other in Silesia is to be split into four subzones, in Gliwice, Tychy, Zory and Dabrowa Gornicza. Unemployment is lower than the national average but this is set to change once programmes restructuring the area's heavy

industries get under way. "The area is a time bomb," says Mr Tadeusz Soroka, a deputy industry minister and chief government negotiator with GM and other companies. Mr Soroka argues that investors such as GM must be attracted to the area if other foreignowned projects are to follow and to create desperately needed new jobs.

Meanwhile Mr Grzegorz Kolodko, the finance minister. who is committed to a policy of squeezing the budget deficit from the 2.8 per cent of gross



domestic product this year to below 2 per cent by the end of the century, is appalled at the implications of granting corporate tax relief for 20 years and setting a precedent other car companies will want to follow. Initial skirmishing between

the finance and industry min-istries starts this week at a meeting of the government's lowly subcommittee on regional policy and rural areas which is the first government body to be asked to approve the two new SSEs. However, the significance of the invest ment to Silesia means that Mr Kolodko's opposition is likely to be overruled and GM will

get its SSE status, which is the most generous set of incentives any foreign manufacturer has had to date.

The decision will, however, come too late for work on the plant to start in the spring as

A positive decision on GM will mean that Fiat, which three years ago took over the state-owned FSM car plant in Tychy, which produced Fiat vehicles under licence, could soon be asking for similar tax concessions. Indeed its original takeover agreement in 1992 commits the Poles to match any incentives given to subsequent motor industry investors

which are more generous than those granted to Fiat. Also Daewoo, the South Korean industrial conglomerate, which has made commitments to invest \$1.4bn over six years in two former state-owned car plants in Lublin in eastern Poland and in Warsaw, could be the next in line.

Now Fiat's tax concessions compared with the incentives offered by an SSE. Its financial commitment has been substantial: on top of its direct investments in FSM worth \$375m it took over the state-owned company's debts totalling \$720m. Now the company says it will be investing a further \$200m by 2002 in the new Palio car which will also be produced in Poland.

Mr Soroka's expected response to Fiat's protestations is to suggest that they expand their operations into the pro-posed Tychy SSE which is only a stone's throw away from the FSM plant. Daewoo, in Warsaw and Lublin, is much further from one of the SSEs. However a Daewoo-owned components manufacturer at Elk is close to the proposed Suwalki SSE in the north-east, providing some opportunity for relief.

But for the finance ministry this smacks too much of the beginning of a move to turn the entire country into one large special enterprise zone with dire consequences for

US peace shuttle switches to Lebanon

14 liberalisati By David Gardner in Beirut and an Ozanne in Jerusalem

US secretary of state Warren Christopher's Middle East peace shuttle detoured into Lebanon last night, expanding Washington's efforts to end fighting between Israel and pro-Iranian Hizbollah guerrillas in southern Lebanon, where Israeli forces yesterday continued their two week-long air and artillery bombardment and the Shia Moslem militia fired Katyusha rockets at northern

Mr Christopher went to meet Lebanese prime minister Rafik al-Hariri in Shtoura, a short hop over the Lebanon-Syria border from Damascus, where earlier in the day the secretary of state had met Syrian sident Hafez al Assad.

spotlight on the main All Akbar Velyati differences between Israel on the one hand and Lebanon and Syria - the military power in Lebanon - on the other. The US plan, backed by Israel, seeks a deal whereby Hizbollah resistance to the 14-year Israeli occupation of south Lebanon would end. This is unacceptable to Beirut, to Damascus, and to Iran, which gives Hizbollah financial and

ideological backing.
They prefer a French
initiative, which would tighten a US-brokered 1993 agreement whereby Israel and Hizbollah undertook to avoid targeting civilians, and would put eventual Israeli withdrawal from Lebanon on the agenda. French foreign minister Mr Hervé de Charette met Syrian officials in Damascus yesterday, and also held talks with Iranian foreign minister

Lebanese Druze leader who is now minister for the displaced in Mr Hariri's government, said: "The Israelis want a truce, but what we want is a effre, so that people can go back to their homes.

Mr Christopher said before

meeting Mr Assad yesterday that "the time has come to reach a conclusion." Syrian president on Tuesday night did not receive the US secretary of state, because of what was being presented by both sides yesterday as a timetabling problem, but was seen at the time as a such and celebrated as such in the regional Arab press.

The state department spokesman Mr Nicholas Burns reported progress after the Damascus meeting and said: "I throughout the Arab world,

France's mediation, however, which have made peace with is getting growing support israel like Egypt and Jordan

broker by pushing for Israeli

will rise after Israel's

deliberate destruction of

reservoirs, water pipelines.

power stations and roads in

the past two weeks. And, of

course, homes. While the

bombing continues, it is

impossible to know for sure,

but the government estimates

60 Shia villages in the south

Government officials and

businessmen fear these vital

capital inflows will slow to a trickle unless negotiations to

end the crisis offer clear

guarantees that the cycle of

destruction will end once and

A Christian businessman,

who returned to live in

Lebanon four months ago after working in the US and Saudi

Arabia throughout Lebanon's

wars, summarises it thus: "If

people before thought twice

about coming back or puttting

their money in Lehanon, after

this they're going to think 10

have been obliterated.

for all.

Warren Christopher, left, with Syriau foreign minister Farouq al-Shara at Damascus airport

Hizbollah portraits peer from rubble of Nabatiyeh

David Gardner witnesses the eerie results of Israel's air and artillery bombardment in south Lebanon

I meed capital of predominantly Shia Moslem south Lebanon. Last Thursday, on the day Israeli howitzers killed more than 100 civilians in the United Nations normally prosperous market town had its own tragedy. Israeli jets fired rockets into the house of Hassan Alayan

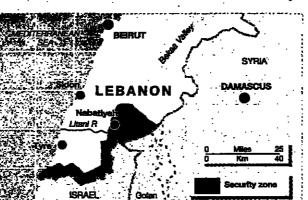
arly yesterday, Israel's radio told Lebanese civilians that 22 towns and villages would be targeted on the 14th day of its air and artillery bombardment of south Lebanon. One of them was Nabatiyeh.
With a population of 80,000,
Nabatiyeh is the *de facto*

refugee shelter in Qana, this el-Aabed, killing his wife Fawzie and her seven children; the youngest, Nour, was three days old. Mr el-Aabed was on a pilgrimage to Mecca.

Most of Nabatiyeh's people had fled northwards on April 11, when Israel started its onslaught, supposedly aimed at Hizbollah, the Shia fundamentalist militia fighting the 14-year Israeli occupation of south Lebanon. But the 155 deaths, many hundreds of injured and 400,000 refugees have almost all been civilians.

Last Thursday's deaths sent many more north. Abandoned laundry on washing lines and rotting fruit and vegetables on overturned market stalls was testimony to their hasty departure. The town is eerily empty, shaking under the shells fired in desultory sequence from Israeli positions on surrounding ridges. Near the centre, there is a

big memorial portrait of Nabativeh's favourite son, the late Hassan Kamel Sabah, a brilliant American-Lebanese electronics inventor. Nearby, the Celltec computer shop has been reduced to matchwood by a 155mm shell. From Celltec's ruins, the propaganda portraits of Hizbollah's sheikhs and "martyrs" - the suicide bombers it is again threatening



to launch against Israeli occupation forces - seem to stand larger than that of the

Mr Amin Bakhdoud, a 65-year-old restaurateur, is one of the few townspeople still in Nabatiyeh. "If I'm going to die, I shall die here, in my home, in my country," he says.
The locals are used to being

driven out of their homes: after Israel's 1978 incursion, its 1982 invasion, and withdrawal by 1985 in the face of determined resistance from Shia militias. and its 1993 air blitz. But although sporadic Israeli bombing and shelling had continued in response to Hizbollah attacks, the last two years have seen a construction

boom in Nabativeh, and indeed in other areas of the south. When Mr Rafik al-Hariri took over as Lebanese prime minister in October 1992, he made the reconstruction of the country after the 1975-90 civil war - in which Israel intervened with the aim of driving the Palestine

Washington

Liberation Organisation out of Lebanon - his main aim. The people of Nabatiyeh gradually felt enough confidence to join A third or more of the town's

homes and buildings are either new or under construction. The money comes mostly from Lebanese emigrant businessmen in west Africa, who are predominantly Shia. Remittances like theirs form the bulk of last year's \$6.7bn capital flow into Lebanon, after a similar inflow of \$6.5bn in

It is this diaspora money which pays the import bill for

Climate report 'is deficient'

Resources Editor

The world energy industry has warned governments not to accept the recommendations of a forthcoming report on global warming because they are based on shaky evidence and could damage economic growth.

In a pre-emptive strike ahead of the publication of a detailed set of recommendations by the Intergovernmental Panel on Climate Change, the World Energy Council yesterday described the forthcoming report as deficient and of little value to policymakers.

Mr John Baker, chairman of National Power, the UK's largest electricity generator, and chairman of the WEC, said: "It is very disappointing that the sive international effort mobilised to produce [this report] has resulted in a missed opportunity to help policymakers develop realistic strategies for the possible cli-mate change issue."

The IPCC, consisting of leading experts on climate and the environment, was established by governments to advise them on policy to combat global

its main conclusions in June calling for urgent action on a wide front to reduce greenhouse gases which are believed to be altering the world's climate. These conclusions will be based on its central finding that there is a discernible human influence on climate.

The WEC, which represents the energy industries of more than 100 countries, said in a report issued yesterday that the IPCC's recommendations are unrealistic and influenced by academics seeking to attract funding for their work. Instead, the WEC wants a more "balanced" approach with an emphasis on energy efficiency, conservation, and development of renewable energy forms, all of which are worth pursuing even if global warming turned out to be a

false threat, it believes. The WEC's attack is certain to cause a furore among environmentalists who are pressing for action to combat global warming. The timing of the attack, ahead of the report's publication, is also likely to anger governments which are trying to encourage an orderly debate about the policies to be adopted to reduce greenhouse

Power diplomacy is back, says report

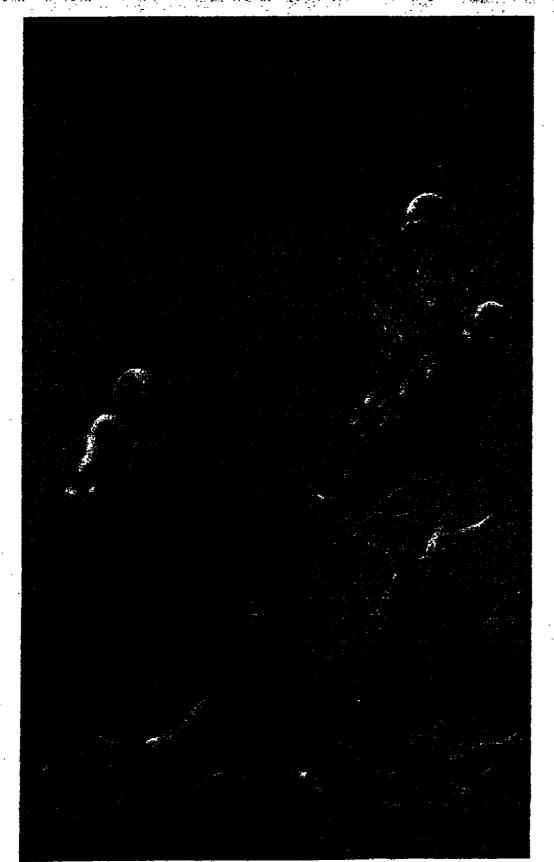
The US return to global leadership, the peace deal in Bosnia and the crisis over ioned power diplomacy is back with a vengeance, according to a report published yesterday. Reuter reports from London.

The International Institute for Strategic Studies (IISS) said a new willingness to use or threaten force in support of national goals was emerging after a period of post-Cold War 'strategic arthritis".

"A striking feature of the year was the tribute paid to the 19th century concept of balance of power," Mr John Chipman, IISS director, told a news conference to launch the institute's annual survey for 1995. After the confusing period following the end of the Cold War, the report said it was becoming clearer that raw role to play in diplomacy.

There is a return to a form of Realpolitik in today's international relations," Mr Chipman said. US and Nato willing ness to use force in the Balkans to achieve a peace deal, Russia's more assertive and nationalist foreign policy. China's sabre-rattling over Taiwan and the US naval deployment were examples.

Looking at the Middle East and other areas, the IISS said the continued threat from groups of the weak or disaffected who launch terror campaigns was still capable of crip-pling efforts of major nations.



Can you put up a power transmission system without annoying your neighbors?

Economic development and environmental conservation are often seen as natural enemies. But by taking environmental considerations seriously early on in a project. ABB keeps any impact to a minimum. For

example in southern Africa, ABB was asked to erect 410 kilometers of transmission lines without disturbing an indigenous colony of Cape vultures. The project was executed with minimum disturbance during the breeding season between April and September. It is somewhat surprising therefore that this neighborly respect did not slow down the project.

In fact planning ahead combined with local knowledge and advanced technology meant the Zimbabwean section of the Matimba Bulawayo interconnection was completed ahead of schedule.

ABB is committed to the core principle of sustainable development. Balancing mankind's needs with those of Yes, you can. a delicate environment takes foresight and efficient, ecologically sound technology. This is what ABB offers to neighborhoods all over the world.

Media barons line up for digital star wars '

Bronwen Maddox and Raymond Snoddy report on what could be a winner-takes-all battle for pay-TV dominance in Europe

Europe's digital TV revolution kicks off in revolutionised the economics of televiearnest later this month when Canal Plus, the French pay-TV company, switches on 20 new channels. Within a few years, thousands of new satellite channels could be beamed over Europe. The world's media barons are striking deals by the week as they jostle for position.

sion. New technology and deregulation allow TV companies to raise revenues directly from viewers. That frees the industry from its traditional dependence on advertising, which has shackled its growth. It also allows channels with small audiences, incapable of attracting

Conventional pay-TV services, transmitation of outlets will make TV more like ted on analogue signals, have already proved a gold mine for Canal Plus, the UK's BSkyB and the Netherlands' NetHold. The digital explosion has now multiplied pay-TV's potential, to an extent which other media groups have been unable to resist.

believe pay-TV can be a "winner-takes-all" market. Securing a supply of exclusive programming, or owning the dominant technology for scrambling channels, could give one

publishing, in which mass-market compa-

nies exist alongside specialist ones. Oth-

ers - particularly the bigger players -

group a degree of market power hard to challenge, even through regulation. The se and urgency of the attempt to build such power has prompted the Europe-wide scramble for partners who will contribute programming or technology, and minimise the risks.

For governments and regulators the

tal revolution, and yet prevent companies accumulating too much market power. Some want to maintain public service broadcasting, but not undermine the commercial market. They have a brief window to debate such questions, before winners start to emerge from Europe's

The revolution that could bring viewers 1,800 new channels

ahead of others. Three companies already dominate Europe's conventional 40 per cent owned by Mr Rupert Murdoch's News Corporation, is the leader. According to the Independent Television Commission, the regulator, in 1994 BSkyB had more than 90 per cent of TV subscriptions, through satellite and cable

The French Canal Plus has built a business worth some £3bn from its subscription channel broadcast over land-based transmitters. It has capitalised on its strength in its home market by investing in minority stakes in Belgian, Spanish and Polish pay-TV, in co-operation with local TV companies. NetHold, the Netherlands-based service, 50 per cent owned by the Swiss group Richemont, transmits its Multi-Choice and FilmNet channels. including adult films, through

much of northern Europe. Although almost every European country has access to at least one pay-TV service, the popularity varies widely.

According to Morgan Stanley, the US broking house, pay-TV subscribers expressed as a percentage of TV households range from just 3 per cent in Germany to 13 per cent in the UK and 19 per cent in France. And although the average European viewer watched around 177 minutes of TV each day last year only one minute of viewing time was devoted to each of the cable and satellite

channels available. Against the lucrative but unspec-tacular backdrop of conventional pay-TV, the digital revolution has been kicked into life by two developments: deregulation of the TV industry in many European countries, allowing the launch of more ital transmission and encryption

Digital compression of signals allows many more channels to be transmitted in a given band of airwave frequencies than does conventional analogue transmission. Anatransmission is set to fall by about 90 per cent. At present a satellite transponder - which receives the signal from earth and re-transmits it - costs about \$3m (£1,98m) a year to lease, and provides one TV channel. Digital compression, which transmits only the digits which change between one TV picture frame and the next, enables a single transponder to transmit between eight and 10 channels, depending on the picture quality required.

Dramatic expansion

Satellite owners are hoping that the fall in the cost of transmitting a single channel will push up the value of a transponder. They are shooting a host of new satellites into orbit. During the night of April SES, the Luxembourg-based company which operates the Astra system of satellites, successfully aunched its second entirely digital satellite. The satellite, which will be in service within two months, will give Astra a total of 40 transponders

devoted to digital TV. SES is due to launch a third Astra dicital satellite in the first quarter of next year, taking its digital transponder total to 56. It will then have the capacity to broadcast between 500 and 560 channels over Europe. It says that almost all the capacity is already leased or is the subject of "advanced negotiations". It plans a fourth launch before the end of 1997. And Mr Romain Bausch, SES's director general, revealed recently that the company, with the support of the Luxembourg government, has applied for new orbital posi-

tions to launch even more.
At the same time Eutelsat, owned by Europe's main telecoms operators, is pushing ahead with its series of "Hot Bird" satellites. By the end of the century, it says, it could offer 800-1,000 digital channels. Ms Rebecca Winnington-Ingram, media analyst at Morgan Stanley, says the digital age "has dawned and that's official: regardless of demand, the number of TV channels available to European viewers is set to increase to thousands over the next three years".

What will services be?

If digital is to fulfil investors' expec tations, it will have to offer more than existing cable and satellite services. Viewers will have to pay not

decoder attached to their TV set, and for a satellite dish or cable connection if they do not have one.

Media groups are hoping that enhanced services made possible by digital technology will clinch its appeal. Their strongest weapon is "near-video-on-demand", which shows the same film on different channels with staggered starts, perhaps only 15 minutes apart.

The evidence from pioneers of this service, such as DirecTV, a 176channel system in the US and a subsidiary of Hughes Aircraft Company, suggests that it has great appeal. According to SBC Warburg, the London-based broker, the subscription rates for this service are five to six times higher than on cable, and generate average revenues of \$17 a month. The performance, even at this early stage, seemed so impressive to AT&T, the largest US telecoms group, that it paid \$137.5m for a 2.5 per cent stake earlier this year, with an option to

raise this to 30 per cent. Electronic games, computer soft-ware and telephony can also be transmitted on the new channels. Canal Plus hopes that its Numerique service will eventually transform living rooms into "interactive leisure and entertainment centres". But is it a business?

Mr Alastair Smellie of Lehman Brothers, the broking house, identifies four ingredients for a successful pay-TV operation:

 Attractive, preferably exclusive programming.

• An encryption system, and corresponding decoding software in set-

top black boxes. ● A system for sending out decoder cards and subscription bills, including creditworthiness

 Outlets, whether satellite, cable, or terrestrial transmitters. Of these, programming and encryption technology offer new

entrants the best chance of establishing significant market power. Sport is generally agreed to have the most powerful "must-watch" element of all types of program-ming; BSkyB and Canal Plus have invested heavily in sports rights internationally. BSkyB's recent showing of the Tyson-Bruno fight suggests that Mr Murdoch and Canal Plus are right about the appeal of some sport: more than 650,000 homes paid a minimum of £9.95 to watch the event at 5 am.

Control of an encryption system, as BSkyB has demonstrated in the UK, can turn a strong position in programming into a convincingly dominant one. Once it established its encryption and decoding system as the standard, and households with satellite dishes had also bought its decoder boxes to sit on their TV sets, other companies launching satellite channels were faced with the choice of paying to use this system or establishing their own. They would have to persuade viewers to buy additional decoder boxes, and also set up a separate billing system; sending out decoder cards and bills alone can cost tens of millions of pounds a year.

Runners and riders

In spite of the cost and uncertainty, Europe's main players see digital pay-TV as a gold rush. They have been forming alliances to maximise clout in buying programme rights, to share encryption technology, and to spread the financial risk. The most dramatic tussle has occured in Germany, potentially

Last month, BSkyB, Canal Plus and Bertelsmann, the German-owned international media group, teamed up to launch German digital services. Weeks later CLT, the Luxembourg-based international TV company, entered the magic circle by agreeing to merge its TV operations

with those of Bertelsmann. Between them, the partners control 25 transponders and could launch 200-250 channels aimed at the German market this autumn. But they have a rival. The Munichbased Kirch group plans to launch a 50-channel digital service in July, including 10 film channels.

expensive, even before launch. The Canal Plus-BSkyB-Bertelsmann alliance can deploy top German football and the output from Rupert Murdoch's Twentieth Century Fox studios and Fox Television Network out of its own resources, but it is also expected to invest more in buying access to programming from Time Warner, MCA and Columbia.

dards. But analysts point out that many rights are now expiring, and

never again offer rights so cheaply. lite channels such as MTV and Nickelodean, the children's chan-

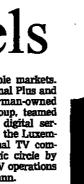
form part of the Kirch package. A head-on clash between rival libraries of programming, and between services launched virtually may be prolonged and rewards elusive. Ms Winnington-Ingrim points to the slow progress made by Premi-ere, the main German pay channel. She thinks the German market is going to prove "much tougher" for pay-ner-view than either France or

has its home turf uncontested. Mr Pierre Lescure, chief executive, says it will invest FFr500m (£64.9m) in

three years. subscription to its new 20-channel package, Canalsatellite Numerique, to be switched on later this month As well as the familiar selection of sport, news, documentaries and entertainment, available for a monthly fee of FFr98, Numerique will enable viewers to watch all nine French first division football matches played each week. For FFrs0 the viewer will be able to see one match: for FFr100 all the matches. For another FFr50 a month, electronic games and software can be delivered direct to sub-scribers' personal computers.

Canal Plus has ordered 400,000 digital decoders and hopes for between 150,000 and 200,000 Numerique subscribers by the end of this year. Even more ambitiously, it hopes to have 65 per cent of the French market within a decade.

dictable. So far, the complexity, the dominant position of BSkyB in conventional pay-TV and the strength deterred the main players in the continental European market from entering the UK.



The battle is already looking

For Kirch's part, it has built its powerful position in continental Europe by buying rights to Hollywood movies years ago, on terms which were cheap by today's stanthat studios, now alert to the potential of the European market, will

To strengthen its position, Kirch has recently signed a five-year programming deal with Viacom, the US media giant. Viacom owns Paramount Pictures and cable and satelnel. Its channels are expected to

In respect of France, that judgment may prove right. Canal Plus digital TV in France over the next

It is relying on sport to help drive

However, in the UK, the progress of digital remains distinctly unpre-

terrestrial channels, have

More surprisingly, uncertainty



TV penetration (Million households) France Scandinavia 2,000 --1.600 ---1,400 ---1,200 ---1.000 ---600 ---

also seems to have restrained the leading contender. BSkyB has drawn up plans for a 200-channel digital satellite service, but seems likely to hold back until at least the

400 ---

In part, that may be because it is unsure of the extent of its programme resources; its five-year, £304m deal with the Football Association Premier League runs out at the end of next season. Two groups are considering challenging it for the rights - Carlton Communica tions with the Mirror Group and Pearson, owners of the Financial s, and MAI, broadcasting and financial services group, which is in the process of merging with United News and Media, publishers of the

Daily Express. The UK government has been keen to promote digital terrestrial TV although other European countries, with the excention of Sweden. have shown little interest. However, there is widespread scepticism within the UK that digital terrestrial would be commercially viable A central factor in its success would whether its decoding technology was compatible with that of BSkyB's proposed digital satellite

But the main reason for BSkvB's restraint seems to be that it is vaiting until the broadcasting bill has completed its passage through Parliament. The political sensitivity of its expansion plans stems from its grip on conventional pay-TV as well as News Corporation's share of In the UK. BSkvB's rivals say not

enough is being done to prevent it acquiring the same power in digital. "It is perfectly possible to devise

digital encryption technology without building in proprietary software. But it is in BSkyB's interests to stuff the design with as much of its own software as possible to make it hard for others to get access," says one adviser to a cable

The last corner of the pay-TV bateground is Italy. The Canal Plus-BSkyB-Bertelsmann alliance is planning an offensive on the Italian market after the German launch. It will face familiar rivals, however: NetHold and Kirch have stakes in the existing pay-TV channel Telewhich is backed by Mediaset, the TV arm of Mr Silvio Berlus coni's Fininyest. But Italian cable and satellite television is still in its infancy. The success of the rival players is likely to be slow to develop, and to depend partly on battles for supremacy fought first in

other European countries.

Even though the winners and losers remain unclear, the new alliances sent serious issues of regulation, and more generally, of national policy. First, there are concerns about mpts to corner entire strands of programming, such as sporting rights, and about the pressures such attempts put on state or public service broadcasters. Second. there are growing worries about how best to tackle the now-acknowledged threat of monopoly control of encryption technology.

All the recent deals will be looked at closely by Mr Karel van Miert, the European Union's competition nissioner. The internal market directorate is also expected to produce a report on media concentration later this year. On programming and distribu-

tion. Mr van Miert has shown himself prepared to take a tough stand ading off potential abu market power. In 1994 he blocked a proposed alliance in the German market between Bertelsmann, Kirch and the state telephony monopoly Deutsche Telekom. A Dutch TV venture, grouping the RTL4 and RTL5 channels with the new commercial channel Veronica, was also blocked on the grounds that it would limit opportunities for competition in the Dutch TV market. European and national pro-

gramme authorities have also recently shown willingness to protect the position of existing broadcasters from the wallets of the pay-TV operators. The European oadcasting Union, which buys sports rights on behalf of all Europe's public service broadcasters, won the European rights to all the Olympics to the year 2008, despite being outbid by a Murdochled consortium. In the UK, a House of Lords rebellion persuaded the government to protect eight sports events such as the FA Cup Final and Wimbledon tennis for terres-

trial TV. As preventative measures go those may be adequate. But the experience of cable companies in the UK shows that it may be hard to prevent exercise of market power once acquired. They have complained to the UK's Office of Fair Trading that the terms on which BSkyB sells them programming, for onward distribution, are unfair The question of proprietary rights to black box digital decoders is likely to prove even trickier. The European Commission accepts that access should be "fair, open and non-discriminatory". But it has not yet overcome the enforcement hur-

The outcome of these battles is not predetermined. However, the positions which BSkyB has in the UK and Canal Plus has in France, give them a formidable start in building lucrative digital services in those countries. In Germany and Italy, the battle lines are clear but the

outcome underdetermined. For viewers it means they will increasingly be bombarded with offers of new technology and services, although it will be years before it is clear what kind of range

It is likely that the vision of a host of specialised channels will at least in part - be realised. As Mr. Michael Tyler, managing director of Putnam Hayes Bartlett, a consultancy, argues that "television is going to become more like publishing - much more targeted programming". But what remains unclear is how wide that scope will be, and vhether a few companies will be

able to dominate. For the moment changes are slight. Public service broadcasters and state broadcasters, who have been resigned to seeing their audiences fall, appear to have a

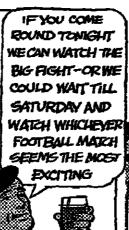
reprieve, at least temporarily. They may also be able to participate. Mr Tyler points out that "targeted programming is something which state broadcasters, and the BBC, have been good at, as well as

programmes for mass audiences. Last month Mr Will Wyatt, managing director of BBC Television argued to an EBU conference in Brussels that a decade from now existing networks would still offer most viewers what they wanted for most of the time. Two years ago the BBC feared its share of viewing would fall to 30 per cent by the year 2000. The forecast has now been revised upwards to between 37 per cent and 38 per cent, "Terrestrial channels will still retain the highest share of the audience - probably close to 60 per cent to 65 per cent by 2005," says Mr Wyatt.

That is not just brave talk. Some groups are likely eventually to make a fortune from the digital revolution. But the obstacles currently in the path of digital pay-TV, and the time needed for clear winners to emerge, may mean that the picture changes more slowly than Europe's media moguls would like

IT'S 1998 AND PETE AND DORIS GET DIGITAL TV











حكة امن الأصل

FINANCIAL TIMES THURSDAY APRIL 25 1996





GSM is the world's first standard in digital mobile communications. It stands for Global System for Mobile Communications - and Deutsche Telekom played a big part in its development. Along with ISDN and **Asynchronous Transfer Mode** (ATM), it's just one of the foundation stones we are laying for the worldwide information infrastructure of the future.

resents a major step in the quest for genuinely worldwide mobile communications. Promising guaranteed quality, global coverage and greater reliability of transmission, it's a considerable contribution to improved international understanding.

Developed in Europe. Designed for the world.

It has taken just five years for GSM to establish itself as the worldwide benchmark for digital mobile communications. In over 80 countries, across four continents, people depend on GSM networks - and the market is growing all the time. With our European partners, Deutsche Telekom has also opened the way for unlimited mobile communications between Europe and North America for the very first time, translating Europeanbased GSM technology into a new global telecommunications language.

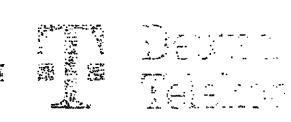
Our pioneering work does not stop there. While others make plans for the Information Superhighway, we're making it happen. We operate the most closely-woven fibre-optics network in the world - 100,000 kilometres of it. Our cable network is the largest in the world, and our ISDN network the most extensively developed. We were also the first company to use ATit1: a new and much more sophisticated information transmission system.

Are we talking your language?

Deutsche Telekom is the No. 1 communications company in Europe and the second largest network operator worldwide. In the race to develop telecommunications technology, few others can keep up with us. We offer multimedia and online services. "smart" networks and a wealth of experience and know-how - all backed by strong business partnerships which span the globe.

If your company could benefit from what ours has to offer, let's talk.

Our connections move the world.



Sinn Féin and SDLP to join in elections

By John Kampmer, Chief Political Correspondent

The Northern Ireland peace process was given a boost yesterday when Sinn Fein, the political wing of the IRA, and the moderate nationalist Social Democratic and Labour party said they would contest next month's elections to a constitutional forum.

However, the announcements were tempered by a hardline message from Mr Martin McGuinness, Sinn Féin's chief negotiator, that there was "no prospect whatsoever" of

the IRA restoring its ceasefire. The decision to take part in the May 30 elections came shortly after passage through the House of Commons, the UK parliament's lower house, of a bill setting out the rules for such a poll. The elections are to be followed by all-party

Mr Gerry Adams, the Sinn Fein president, said the elections would allow his party to "seek a re-endorsement of our peace strategy and to return a strong republican and nationalist voice, which makes it clear that there is no going back to unionist domination".

He reiterated that Sinn Féin would not take part in the 110strong forum. The SDLP's chief whip, Mr Eddie McGrady, said his party had yet to decide whether to join the forum.

British ministers conceded during a two-day debate that the forum would meet only after the all-party negotiations had begun. This was a key demand of the SDLP which. like Sinn Fein, regards the forum as an obstacle to the talks and an attempt by Unionists to resurrect the failed Stormont parliaments of the 1970s and 1980s. Downing Street welcomed the participation by the two parties, the

The UK government, sup-ported by Washington and Dublin, has told Sinn Féin it cannot take part in the talks unless the IRA restores the ceasefire. Mr McGuinness said the IRA campaign would continue as long as the British Féin's participation in talks.

Major speaks out for EU membership

By Robert Peston, Michael Cassell and John Kampiner

Mr John Major, the UK prime minister, yesterday described proponents of withdrawal from the European Union as living in "cloud cuckoo land", in his most pro-European speech for two years.

In an attempt to head off a campaign by rightwing Conservative members of parliament, backed by media supporters, for a referendum on the UK remaining in the EU, he extolled virtues of membership. It was "naive and damaging" to suggest that "the only choice we face is either to go along with every demand our

partners make or head for the

exit". Inward investment in the UK would be decimated by leaving, he told the Institute of Directors in London.

His remarks were in part aimed at Sir James Goldsmith, the billionaire who is financing a new party, the Referendum party, which is campaigning on a need for a plebiscite on the UK's relationship with the

Mr Major delivered his speech hours before Mr John Redwood, the former minister who last year sought to oust him from office, held talks with Sir James.

Mr Redwood said he had wanted the meeting to perthe government's plight by

putting up candidates against the Conservatives at the next UK general election.

The influential Eurosceptic backbencher acknowledged that he had failed "to persuade him to back the Conservative party as the best way of achieving the kind of Europe we both want"

The 55-minute meeting, in Sir James's suite at London's Dorchester hotel, was denounced by one senior government member as "childish

Mr Major balanced his pro-European comments by stressing that he was a tough negotiator in EU forums, with mind. If he could not reach

raised at this year's intergov-ernmental conference on EU institutional reform he would

"just say no".
Mr Major said the UK was not seeking confrontation in Europe but that it was not "going down the centralising route" and instead sought a partnership which recognised and accommodated all national interests and beliefs.

He also made his strongest attack on EU attempts to use health and safety measures as the basis for imposing maximum working hours for employees. He had told European partners "that we must change Health and Safety pro-visions" to reflect the original

North Sea bonanza

North Sea bonanza

likely to continue

By David Lascelles,

The UK's oil and gas bonanza

in the North Sea continues to

set new records, and could last

until the middle of the next

century, according to Mr Tim

Eggar, the energy minister. The latest official figures on

the UK oil and gas industry.

unveiled by Mr Eggar yester-

day, showed that total oil pro-

duction reached a new high of

130m tonnes last year, up from

127m tonnes the year before.

New discoveries meant the vol-

ume of reserves also increased slightly to 3.3bn tonnes. Gas

production at 75bn cu m was at

a new high, and gas reserves rose slightly to 2.5bn cu m.

Mr Eggar said these figures

confounded predictions that the UK's oil and gas industry would decline in the 1990s. It

was clear the industry was

flourishing and making a sig-

nificant contribution to the

economy. 'Taking known dis-

coveries and the potential from

all possible future discoveries,

our reserves could last into the

middle of the next century at

There are many reasons why

Britain's oil boom is lasting longer than first thought.

First, said Mr Eggar, the UK

tax and regulatory regime made the North Sea one of the

most attractive places in the

world for oil companies to

explore and produce. Record

numbers of new exploration

and drilling projects were

current rates of consumption,"

intentions of the legislation He said if the EU failed to do this and "old agreements" were "broken", he "did not see how we can reach new agreements". This balancing act

minister and now vice-chairman of the cross-party European Movement and chairman of the Conservative Group for Europe, was "delighted". "The biggest cuckoo is Jimmy Gold-smith and his sidekick cuckoo

"from his heart".

In addition, the development

of technology has enabled

greater volumes of oil and gas

to be extracted from known

wells. There is also a trend for

large oil companies to sell

maturing fields to smaller com-

panies which specialise in spin-

yesterday an initiative to

encourage companies to explore on "fallow blocks" – those on which no work had

heen carried out for at least six

vears. There were 146 fallow

blocks, about a quarter of all

The total income earned by

oil companies in the North Sea

last year was £18bn (\$27bn). including £4bn from the gas

sector. Their investments in the region totalled £4.2bn, representing 18 per cent of all UK

industrial investment. The

Department of Trade and

Industry expects investment to

remain at this level for a num

ber of years as large new fields

tion of £4bn to the UK balance

of payments last year. The Inland Revenue estimates that

29,000 people are employed in

the offshore oil and gas indus-

try. However, the figure has been flat or falling because oil

companies are trying to reduce

manpower levels as part of

Yesterday's figures will help

reinforce the government's

commitment to maintaining an

appealing operating environ-

ment for international oil com-

their overall attack on costs.

Oil made a positive contribu-

are developed.

Mr Eggar also announced

ning out dwindling reserves.

between pro-Europeanism and scepticism drew praise from both wings of his party.

Mrs Edwina Currie, a former

The leading sceptic, Lord Tebbit, was pleased by Mr Major's "realism" which came

UK NEWS DIGEST

Trading system plan faces delay

London Stock Exchange directors will meet today to decide whether to delay the issue of a blueprint for their new electronic trading system. The steering group preparing for the new order matching system will ask the Exchange board to approve a delay of several weeks so that the changes to trading rules can be discussed in more detail with regulators at the UK Treasury, the Securities and Investment Board and the Office of Fair Trading.

The board meeting comes two days after Mr John Bridge man, the director-general of fair trading, warned the Exchange he would not allow it to drag its feet over the introduction of

an order driven trading system. In the new system, scheduled to be introduced next year, orders will be entered on a central electronic order book, and automatically executed when buyers and sellers match. Under present rules, marketmakers quote prices on a central stock exchange screen, but deals are struck over the telephone.

Stock Exchange officials have been at pains to combat the impression that order matching is being held up by the large marketmaking companies which have a big share of the quote-driven market.

George Graham

Banks chosen for nuclear self-off

Seven banks were appointed yesterday to the international syndicate which will sell shares in British Energy, the future owner of the UK's nuclear generators. The UK government is expected to raise between £2.2bn and

£2.6bn (\$3.3bn-\$3.9bn) from British Energy's stock market flotation, scheduled for early July. The shares will be listed in London and issued on a partly paid basis.

The Department of Trade and Industry selected Cazenove, HSBC, Mediobanca, Morgan Stanley, Nikko, Paribas and West Merchant Bank, part of Germany's Westdeutsche Landesbank BZW, the global co-ordinator for the offering, said the seven

were chosen for their understanding of the complex research issues involved in the privatisation and for their regional equity distribution strengths. A research meeting for the analysts of the eight banks will

be held on May 3 to enable them to produce their research documents before investor roadshows begin in late June.

Lloyd's Names defend payers

Lloyd's of London Names have formed another "action group" this time to represent the interests of those who have paid their losses at the insurance market,

The Paying Name's Action Group is alarmed that Lloyd's proposed recovery plan, which includes a £3bn (\$4.5bn) or more out-of-court settlement offer, will reward unfairly those who refused to pay up during the market's bad years. Names are individuals whose assets have traditionally supported Lloyd's. The market has reported losses of more than £5hn in

Cuts threaten World Service

The BBC World Service warned yesterday that it might have to cease broadcasting in a number of languages if planned government cuts go ahead. Mr Sam Younger, World Service managing director, told the Foreign Affairs Select Committee that if planning figures did not change "we will later in the year have to be looking at cuts in programme services". He said: "The cuts would make a very small saving to the Exchequer, but cause disproportionate damage to World Service

Court rules on women's pensions

The Lloyds Bank pension scheme may have to increase benefits by up to £100m (\$151m) following a High Court ruling yesterday on equalising pension benefits for men and women. The case was brought by the trustees of the scheme to test the legality of bank plans to level down the benefits payable to 2,000 women who joined Lloyds before 1974, when it equalised benefits payable to its employees of both sexes.

Lintil 1974 women could retire at 55 with a full pension after 37 years of service, while men had to wait until 60 and serve at least 40 years. The decision follows a European Court ruling in 1990 which required pension schemes to give equal benefits to

Engineers court multinationals

The Engineering Employers' Federation, Britain's main engineering trade body is to try to recruit more multinational companies as members as part of its strategy to carve out a proader role. The organisation, set up 100 years ago yesterday, also plans to step up the level of service it offers members, mainly at a regional level.

it wants 5,500 member companies by 1999, up from 5,000 now. It believes recruiting more multinationals would give it greater political weight, for instance when presenting views to ministers, and deeper knowledge about technology flows between different sectors and trade issues.

Cattle slaughter scheme outlined by government

By George Parker and Deborah Hargreaves in London and Caroline Southey

The UK government yesterday finalised details of the selective slaughter plan it hopes will eventually lead to the lifting of the European Union ban on

British beef exports. Mr Douglas Hogg, agriculture minister, sent the European Commission proposals for the slaughter of around 42,000 cattle which he believes to be most at risk from BSE, or mad

The development offered the first sign of a breakthrough in the crisis. An EU official said that it was "very good news indeed" if the information represented the plan the Commission was waiting for".

He said the commission could look forward "more optimistically" to the meeting of agriculture council ministers on Monday. Last night Mr Hogg was seeking an early meeting with Mr Franz Fis-chler, EU agriculture commissioner, in an attempt to build a consensus between Brussels and the UK on the effective-

ness of the plan. Officials said the meeting could take place today, and would certainly happen before the BU agriculture ministers

The UK government has run into huge difficulties in trying to implement its scheme for slaughtering over 1.5m older dairy cows and cattle as part of its efforts to combat BSE, Deborah Hargreaves writes. The scheme is due to begin next week.

Wholesalers say they will not take part in the scheme at all unless the government changes the rules to pay com-pensation on the basis of the weight of the cattle once dead. rather than alive as is cur-

Farmers and meat traders are due to hold more talks with Ministry of Agriculture officials today. The National Farmers'

Union said talks so far about the scheme "had left many questions unanswered." A UK government official said that it was hoped the scheme would start next week,

"but it will be extremely diffi-

"The key priority is to get the commission on board," said one senior official last night. "We want to be able to present a joint UK/commission proposal to the council on Mon-

The scheme, approved by Mr John Major, the UK prime min-ister, yesterday afternoon, will

affect around 2 000 herds. It will focus on animals originating on farms with a high incidence of BSE in the early 1990s. The proposal comes on top of a scheme, already approved by the EU, to destroy around 15,000 older dairy cows a week and an estimated 100,000 beef cattle over the age of 30 months.

Senior ministers accept it could be many months before beef is lifted, but believe that a "step-by-step" easing of the embargo could begin at Mon-

Mr Hogg firmly believes that Mr Fischler and Mr Jacques Santer, the president of the European Commission, are on Britain's side in wanting an early end to the ban. "If we can get Commission

support for this programme of action, we can show we are on the side of the angels at the meeting on Monday," said one senior government official. Mr Major and Mr Hogg met representatives of the National Farmers Union in Downing Street yesterday morning and warned that a lifting of the beef export ban could take some time. "I am not trying to underestimate the difficulties." Mr Hogg said "There is still a lot of persuasion to be done, and I don't want to unduly

ASIAN ELECTRICITY **Power Transmission in Asia**

cult".

25-26 June 1996

Billions of dollars are being invested in power production throughout Asia. Estimates show in excess of 20% of the electricity generated in some regional economies is lost in transmission, mainly due to inefficiencies. This fifth annual Asian Electricity Conference will examine the impact of power transmission in Asia, and the role it plays in the energy industry.

Issues Include

- **★** The Role of Transmission in the **Electricity Industry** Mr. Bruno Musso, President, ANSALDO, Italy
- * The Potential for Privatising Power Transmission Systems in Asia Dr. Roger Urwin, Managing Director Transmission, NATIONAL GRID COMPANY, UK
- * The Role of Electric Transmission in a **Deregulated Environment** Mr. Lennart Carlsson, Marketing Manager, ABB POWER SYSTEMS AB, Sweden
- ★ Technological Aspects of Transmission Mr. Gary Berhens, Project Manager, **BLACK & VEATCH, USA**
- ★ Legal Issues Relating to Transmission Projects Mr. Charles July, Partner, FRESHFIELDS, Singapore
- * Status of Transmission Issues in Asia Country Profiles include:

Indonesia - Mr. Djiteng Marsudi, Director, PT PERUSAHAAN LISTRIK NEGARA

Philippines - Mr. Guido Alfredo A. Delgado, President, NATIONAL POWER CORPORATION

Additional country profiles may include: India, Laos, Pakistan, Thailand

★ The Role of Transmission in Facilitating Competition Mr. Robert Hull, Business Development Manager,

NATIONAL GRID COMPANY, UK **★ Localisation of Production & Engineering**

Services Mr. Ehmann, Vice President, ABB ASIA PACIFIC LIMITED, Hong Kong

ANSALDO

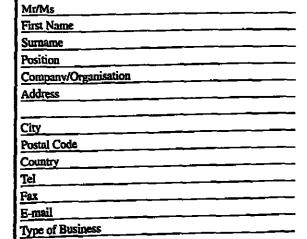
sponsored by

Please return to: Ms. Corine Yeow, FT Conferences Asia Pacific.

133 Cecil Street, #12-01 Keck Seng Tower, Singapore 069535. Tel: + 65 323 6373 Pax: + 65 323 4725

Enquiry / Registration Form

Asian Electricity - Power Transmission in Asia 25-26 June 1996



Enquiry/Registration (tick as appropriate)

Please send me more information.

Please reserve one place at the rate of \$\$1895.00 or U\$\$1390.00. A 10% discusus will be given for three or more delegates from the same company

Cheque enclosed made payable to Pearson Professional (S) Pte Ltd

Bank transfer to: The Hongkong & Shanghai Banking Corp. Ocean Building Branch, Singapore Pearson Professional (S) Pte Ltd

Acet #: 152-014635-001 Please charge my AMEX/Mastercard/Visa with S\$1895.00.

Signature of cardbokler

Concellation Policy: Cancellations must be received as writing 30 days prior to event, and will be subject to a 30% concellation for union a substitute delegate is offered. If less than 30 days notice of cancellation is green, the full registration for will be furfailed, However, substitutions will still

Company conduct comes

approved last year.

under increased scrutiny William Lewis examines UK corporate governance

Improved disclosure in companies' annual reports and action by institutional shareholders ahead of company meetings has raised serious questions about how UK companies are being run and whether corporate governance rules - in some cases only recently introduced - are effec-

One fund manager predicts that the lesson of the UK's latest annual meeting season will be that "we have lots of corporate governance rules for areas where we don't really need them and none for where we

Companies and fund managers draw mainly on the recommendations of the 1992 Cadbury Committee on corporate governance, which recommended splitting the roles of chairman and chief executive, and more recently the Greenbury committee, which reaffirmed that directors need to be more accountable to shareholders, for best practice guide-

With the approach of a general election in the UK, political donations by companies has become one of the most controversial corporate gover-

Sun Alliance, the insurance company, is the latest of several companies to disclose an annual political donation -£50,000 to the Conservative party - in its annual report.

Mirror Group states in its annual report that it has given £21,000 to the Labour party.

Another important area involves the changes being proposed by companies to the rules governing their annual British Aerospace, the UK

defence company, is facing pressure about its plans to reform the rules for voting at its annual meeting. It wants to scrap votes on a show of hands and end shareholders' rights to propose amendments to resolutions at its annual meeting. BAe said last night that another proposal to end the

annual vote on its report and accounts would be amended. "We will continue to have the report and accounts voted on all the time that it remains best practice", the company Earlier this week Inspec, the

former BP chemicals company, agreed to back down on its proposal to insulate directors from having to seek regular re-election by shareholders. An insider said: "Some big shareholders told them it was daft to introduce such a backward step and they agreed."

Concerns have also been raised about Kwik-Fit, the tyres, exhausts and brakes fitter, whose chairman and chief executive, Mr Tom Farmer, is up for re-election at the company's annual meeting, on a fiveyear rolling contract.

This conflicts with guidelines, accepted by leading insti-tutional shareholders as best practice, that directors' con-

tracts should be no longer than At least one institutional investor has committed to voting against Mr Farmer's reelection unless he agrees to shorten his contract. The company said yesterday that "if it becomes a big issue for share-holders then the board will

have to reconsider it". Fund managers and analysts say that such examples show that while information disclosure to shareholders has mushroomed alongside best practice rules, achievement of better corporate governance at public companies is still a haphazard

Another example is how several companies are seeking approval for long-term incentive schemes for directors to replace share option schemes. This follows a suggestion in the Greenbury committee's report on executive pay that companies make such a change.

However, fund managers complain at the lack of guidelines for helping them to judge whether to vote for the plans. "There is no consistency amongst fund managers in judging our plan," one com-pany secretary said. "They all want us to do it slightly differently and it's a shambles"

NOTICE OF REDEMPTION TO THE HOLDERS OF THE Industrias Metalurgicas Pescarmona S.A.I.C. y F. U.S. \$30,000,000

19.5% Notes Dae 1996

4

÷,

NOTICE IS HEREBY GIVEN that, pursuant to Article 8 of the Fiscal Agency Agreement dated as of August 9, 1993, (the "Fiscal Agency Agreement") between industries Metalungices Pescamona S.A.I.C. y F. as Issuer (the "Issuer"), and the Bank of New York as Fiscal Agent (the "Fiscal Agent"), the Issucr has elected to exercise its right to redeem all of outstanding U.S. \$30,000,000 — 10.5% Notes due 1390,000,000 - 10.5% Notes due 1996 (the "Notes") on May 22, 1996 (the "Redemption Date") at the unpaid principal amount thereof, plus accrued and unpaid interest to the Redemption Date (the "Redemption Price"). The Redemption Price will be due and payable on each Note on the Redemption processed in the Redemption Date (the "Redemption Date of the Redemption Price will be accounted to the Redemption Date of the Redemption Price will be accounted to the Redemption Date of the Redemption Price will be accounted to the Re the Redemption Date, and interest thereon shall cease to accrue on and after the Redemption Date the sole right of the Noteholders shall be to receive the Redemption Price plus interest accrued on the Noteholders at all be to receive the Redemption Price plus interest accrued on the Noteholders at the Noteholders at the Noteholders are the Noteholders are the Noteholders are the Noteholders are the Noteholders. interest accrued on the Notes to the

Redemption Date.
Payment of the Redem Price of the Notes will be made to Bearer Noteholders upon presenta-tion and surrender of the Notes at the offices of the Principal Paying Agent at 46 Berkeley Street, London WIX6AA, England, Amendon: Trevor Blewer; and to the offices of

the Paying Agents in Linembourg; and Brussels, Belgium.

The Notes will no longer be deemed outstanding on and after, the Redemption Date and all rights with respect thereto will cease, ex-cept only the right of the Noteholders thereof to receive the Bedemption hereof to receive the Redemption

INDUSTRIAS METALURGICAS Pescarmona S.A.LC. y F. Dated: April 25, 1996

حكفا من الأصل

1119.50

THE PROPERTY.

FINANCIAL TIMES SURVEY

UGANDA

An inspiration for the continent

Uganda has replaced Ghana as the model reformer in Africa. Now it needs to ensure a peaceful political transition while maintaining a high growth rate, says Michael Holman

The highest economic growth rate in Africa is turning a country once associated with disaster into an inspiration for the continent.

Ten years after President Yoweri Museveni and his National Resistance Movement took office, the revival of a nation devastated by the despotic regime of Idi Amin and the war to overthrow him con-

Uganda's GDP growth has averaged 6 per cent annually mince 1987, notched up an astonishing 10 per cent last year, and is set for around 8 per cent this year.

Inflation is held at 5 per cent, the freely convertible currency remains steady, foreign reserves equal nearly five months' import cover, and the return of Asians expelled in 1972 has boosted investment. No wonder, then, that

Uganda has supplanted Ghana as the model pupil of the World Bank and the International Monetary Fund (IMF), and western donor support runs at more than \$500m a year. Yet the celebration of what

has been a remarkable decade of economic recovery and political stability is somewhat muted, and with good reason. Next month's presidential poll has revived concerns

about the country's long-standing regional and ethnic divisions, while rebel activity has disrupted normal life in parts of the north. And for all the progress

since President Museveni took power in 1986, Professor Paul Collier of the Oxford Centre for the Study of African Economies points out. "the economy on most indicators is less than halfway back to its size and

That watershed date is the year after Amin seized power, precipitating Uganda's economic and social collapse. By





ogerere: stronghold

1980 exports of tobacco, tea. cotton and copper were nil or negligible. Production of coffee, the main foreign exchange earner, slumped to half pre-Amin levels, while a once thriving tourist sector had

Manufacturing had collapsed, hastened by the mass expulsion of Asians and a crude nationalisation policy. The country remains deeply

scarred by its past: skills were depleted by political killings under Amin and former President Milton Obote, and a badly damaged road, rail and power

infrastructure is still being rehabilitated.

It was the need above all for peace and stability, and consensus about the basic development objectives, that led Mr Museveni to try to find a middle way between the one-party system that has served Africa so badly, and the Westminster multi-party model that has proved so fragile

Thus for most of his first decade in office, Uganda has functioned under a no-party system, in which the former political parties, while not banned outright, have been severely constrained.

At the same time, Uganda has enjoyed a relatively free press and independent judiciary. While the NRM has been firmly in control, cabinet has until recently reflected a crosssection of parties, regions and That is now changing, as

much due to pressure from western donors seeking a more democratic, accountable form of government as a condition for their continued aid, as from any internal pressure for change. It is probably not before

time. Power has become increasingly concentrated in the hands of the president and a group of aides, officials, ministers and army officers drawn from Mr Museveni's home region in the west. If all goes to plan, parliamen

tary elections next June will be followed by a referendum four years hence which will allow Ugandans to decide whether to return to multi-party politics. Yet, to the dismay of many Ugandans, the country is emerging from its hiatus in conventional political activity with the traditional alliances

and cleavages surprisingly intact Political loyalties still seem largely determined by ethnic-



Kampela, the capital city: Uganda's GDP growth has averaged 6 per cent annually since 1987 and last year reached an astonishing 10 per cent

ity, region and history. Though the edges may be blurred, the Uganda People's Congress (of which Mr Obote is still the eader, though in exile in Zambia) draws heavily for its supnort on the northern Langi-Acholi tribal base.

The Democratic Party, led by Paul Ssemogerere, who is now running for the presidency as a joint DP-UPC candidate, has its stronghold among the Baganda people in the south.

Mr Museveni's hold on the west, coupled with his record of securing peace and maintaining economic growth, will probably be enough to secure him a further term in office, but at a price.

The era of de facto coalition government may be over. Mr in past cabinets, is now firmly in the ranks of an opposition which will turn its attention to the parliamentary elections.

This leaves some Ugandans uneasy, for it can be argued that now as much as ever, Uganda needs a government of national unity if it is to cope with rebel activity in the north and sustain its high level of economic growth.

The past few weeks has seen a resurgence of fighting around Gulu and other centres in northern Uganda, involving a bizarre religious sect known as the Lord's Resistance Army, supported by neighbouring Sudan, and exploiting ethnic rivalries, historical grievances, and a sense of neglect highlighted by the contrast with

the buoyant south. Making development more equitable and maintaining growth will not be easy, as Joash Mayanja-Nkangi, finance minister, readily acknowledges, for the country has some formidable hurdles to overcome.

Servicing the country's \$3.3bn debt takes up around 30 per cent of export earnings. same amount last year. The country's skills shortage is exacerbated by the blight of Bank study, "aid covers more Aids, which according to one than 80 per cent of all public forecast could see life expec-

tancy fall to 32 years by 2010. Placing the banking sector on a healthy footing is proving a demanding job, with the Uganda Commercial Bank, the country's largest, paying the price for ill-advised loans to government officials, politicians and senior army officers. And while the Uganda

Investment Authority calculates that some \$850m in foreign investment has been attracted to the country since 1981, even higher commitments are necessary if Uganda is to maintain growth and reduce its dependence on donor sup-

Official gross aid flows totalled about \$550m in 1993/4,

more than twice the value of merchandise exports, and the

"At present," notes a World The revival of the country's investment and a substantial share of other public outlays." Meanwhile, the structural adjustment programme which

way to go, and must overcome Much of the returning capital has gone into rehabilitating a manufacturing sector dominated by import substitution. Many businessmen, led by the Uganda Manufacturers' Association, arme that the pace of trade liberalisation demanded by the World Bank is too rapid.

is at the heart of Uganda's eco-

nomic reforms still has a long

ble to cheaper, imported prod-Yet Uganda can draw on an extraordinary range of natural

leaving their factories vulnera

resources to help it overcome these challenges and fuel further growth.

high quality cotton crop, rehabilitation of the tea estates, development of non-traditional agricultural exports ranging from vanilla to roses, will provide a huge boost to the econ-

Other assets soon to be realised or expanded include the cobalt in the tailings at Kilembe copper mines, and the tourist potential of one of Africa's most scenic countries. Mr Museveni's great achieve-

ment has been to provide the platform of peace and security that economic growth requires. As the political temperature rises in the run-up to next month's poll, Ugandans will need to ensure that old rivalries and tensions do not jeopardise the continuation of the country's economic recovery.



TELECOMMUNICATIONS PRIVATISATION

EXPRESSIONS OF INTEREST

The Government of Uganda, through its Privatisation Unit, invites expressions of interest from experienced network operators, providers of public telephony and other investors who may be interested in the investment opportunities in the telecommunications sector in Uganda.

Uganda is in its 10th year of stable government, comprehensive economic reform and has one of the fastest growing economies in Africa. Over the past 5 years the country has consistently achieved and often exceeded goals set by the IMF and the World Bank for GDP growth and inflation. The International Finance Corporation (IFC) has been retained by the Government as financial advisor for the transactions outlined below.

This privatisation offers qualified investors an opportunity to:

· Acquire a significant majority stake in the existing network, or to • Bid for a license to build, own and operate a second national network to compete with the existing network

Goals for the sector include:

Meeting an immediate unmet demand of potential subscribers

 Expanding the network from 42,000 subscribers to about 300,000 by the year 2000, thus boosting penetration per 100 population from 0.23 today to approximately 2.0.

Achieving internationally accepted service quality targets

In order to achieve its goals, the Government will, this year:

• Eliminating Government from ownership and operations while strengthening its policy and regulatory roles

Fostering competition in all market segments

 Enact comprehensive, internationally developed legislation, establishing an independent regulatory body to provide for the rights and obligations of authorised operators and providing for interconnection, performance obligations and fair competition as well as for the interests of subscribers and investors

• Tender a license to a Second Network Operator (SNO) for local, long distance, international and cellular communications, plus value added services such as Internet access, electronic mail, voice mail and other specialised services; allow the SNO to operate under all existing international telecommunications agreements and agencies to which Uganda is a signatory; and mandate interconnection to the existing network under contractual terms and conditions to be negotiated prior to closing the transaction

 Create Uganda Telecommunications Limited (UTL) to hold the telecommunications assets of the Uganda Posts and Telecommunications Corporation (UPTC)

· Self a controlling interest in UTL to a qualified strategic investor or consortium of investors

Mr. William Okecho,

Further information is available to experienced network operators, providers of public telephony and other investors. To obtain this information, interested parties may access the World Wide Web Page Uganda Privatization Org or should send their request together with a copy of their latest Annual Report to.



Director Privatisation Unit Ministry of Finance and Economic Planning IPS Building, 6th Floor, Parliament Avenue P. O. Box 10944 KAMPALA - UGANDA Office Tel: (256) 041-256467 / 256392 / 254751 Fax: (256) 041-259997 Telex: (PEPUGA) 61209 email: edp@impala.infoma.com

Who produces all this in Uganda?



From tea to tourism, cooking oil to cardboard boxes. Beer. Sugar, steel bars, sweets and soap. In Uganda, one name stands behind all these products.

MADE BY **MADHVANI**

The Madhvani name goes back more than 80 years in Uganda. in Uganda and East Africa. "Should you need a business partner to work in Uganda's liberalized economy, contact the Madhvani Group"

The contract of the contract o

The extensive rehabilitation programme of the last few years has upgraded and modernised Madhvani's best known and established projects - Kakira Sugar, Nile Brewery and the tea estates, among others.

And with newer ventures such as the double-sweetened Sukari Sugar, Crown Corks, Textiles and Tourism development making inroads into Uganda's fast expanding consumer market, the Madhvani name is even more than before a hallmark of quality

IN UGANDA

The Madhvani Group brings Ugandans more than top quality, dependable products.

It brings employment and training opportunities, import substitution and foreign exchange earnings. and of course, substantial tax

In so many different ways, Madhvani is helping to build a greater Uganda.

'he Madhvani Group

HELPING TO BUILD A GREATER UGANDA P.O. BOX 54 JINJA, UGANDA. TEL: (256) 043 20511/ 21318, FAX: (256) 043 20759/ 20909 **■ Economy:** by Michael Holman

Top of the reform league

Uganda has to consolidate its achievements and attract substantial

foreign investment When the World Bank and International Monetary Fund (IMF) launched their structural adjustment programme in Africa, few would have thought that a decade or so later Uganda would be leading the field of successful reform-

Even though the country's 1994-95 gross domestic product growth of 10 per cent owed much to a boom in coffee earnings - directly worth 8.8 per cent of GDP according to one estimate - the foundations for the remarkable performance had been laid over the years.

Now Uganda has to consolidate its achievements and do what no other African country

It has to follow in the footsteps of east Asian economies and maintain high growth, breaking free of its dependence on aid by attracting substantial foreign investment and increasing levels of domestic

To do this Uganda needs to expand an export base reliant on a handful of cash crops, make an import-substitution manufacturing sector competitive in international markets. and provide a more efficient is more. Uganda has to carry

ing with a difficult transition to multi-party politics.

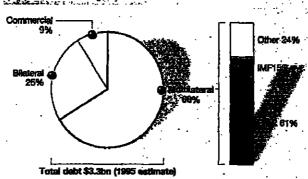
it is a tall order, given constraints that range from a weak financial services sector to a poor infrastructure, a relatively small and landlocked domestic market of 19m people, and levels of domestic investment that are well below East Asian levels.

Officials say that the country has already passed the first test, however, by maintaining fiscal discipline and resisting the temptation to spend in an election year - unlike Ghana, the only mainland African country whose reform performance can compare with Uzanda.

Joash Mayanja-Nkangi, Uganda's finance minister, insists that he has President Yoweri Museveni's backing in his determination to keep state purse strings tight.

The only areas where origi-nal budget estimates may not be met, he says, are defence, where spending has risen as a result of the rebel activity in the north, and a higher than anticipated cost of forthcoming presidential and parliamentary elections.

sure. Spending over-runs may not be more substantial than the minister suggests, they suspect, and they are waiting to see the latest data for themselves. But as of the end of last year, government was meeting its commitments under an IMF extended structural adjustExternal debt profile



ment facility (ESAF), and the Fund released the second \$60m tranche of its \$180m ESAF agreement

Among the performance targets, say Fund officials, is the continuing reduction of the overall budget deficit before grants as a percentage of GDP. This has fallen steadily from 15 per cent of GDP in 1991-92 to 7.8 per cent in 1994-95, and the aim is bring it down to 4.4 per cent by 1997-98.

This has been helped by rigorous cuts in both the civil service and army. The former has been reduced from 320,000 people in 1990 (including so-called "ghost workers" - employees who have died, but whose relatives still collected their salaries) to around 150,000 at the end of 1994.

About 33,000 soldiers have been demobilised in the past two years, and a further 12,500 are expected to go in a process which will eventually reduce the army to half its present

Foreign exchange controls have been lifted, inflation brought down to 6 per cent for the year ending March, 1996. and the overall balance of payments position has moved from a deficit of \$8.2m in 1992-93 to an estimated surplus of about \$127m in 1994-95

The return of Ugandan Asians expelled by the Idi Amin regime in 1972, coupled with greater general confidence in the economy, has seen the return of flight capital averaging almost \$300m a year over the past three years. according to IMF estimates.

Several banks, however, are in severe difficulties, with the biggest problem posed by the Uganda Commercial Bank, the country's largest bank, accounting for half of all commercial assets, 48 per cent of

cent of loans.

Total external debt (1955 est):

Overall belience of payments 1994-95:

Total GDP (1985 est): .

GDP growth 1994 95:

Inflation 1995:

Per capita income: Exports 1994-95

Imports 1994-95

Last year the government restructured UCB by hiving off non-performing loans to a recovery trust, in exchange for interest-bearing bonds, and injecting fresh capital.

But what makes the issue particularly sensitive is the fact that the UCB's non-performing loans, put at USh101bn (100m), are mostly owed by politicians, top managers and senior army officers.

The second difficult policy area involves the fact that much of the recent investment bas gone into an import substitution manufacturing sector which will be vulnerable to further trade liberalisation - a key condition to continued

donor support. James Mulwana, chairman of the Uganda Manufacturers' Association, argues that his members need more time to

ficulty.'

arrears," says Ms Joy.

to honour their dues."

experience, very poor perfor-

mance of a loan is nine times

out of 10 the result of inade-

quate management, or unwill-

ingness by the project sponsor

A weak financial sector and

shortages of management

bying for favoured clients,

have been among the difficul-

ties experienced in Uganda's

privatisation programme,

under which a dozen hotels, as

well as cement, distillery, tex-

tile, tobacco, and other compa-

nies have so far been returned

opportunities are opening up

meet its target of putting 85

per cent of state-owned enter-

prises back into the private

But further investment

to the private sector.

all bank deposits and 55 per consolidate and adjust. "Give us two or three more years." he says - a plea which finds little sympathy from donors

> The country has also yet to resolve the burden of external

question facing the govern-

Economies in Oxford points out that while private investment has been growing more rapidly than GDP for six years. public investment has followed "extraordinary" pattern,

CPI annual anxious to press ahead.

Diper pent

debt, now standing at \$3.4bn. Servicing the debt takes up nearly a third of export earnings, and half of those pay-ments go to multilateral lenders - such as the World Bank whose purpose is to help Uganda break out of poverty. But perhaps the critical

ment is whether it can raise domestic investment to East Asian levels. Professor Paul Collier of the Centre for the Study of African

Annual % change GDP

between 1988-89 and 1993-4, yet growing by 40 per cent in

If Uganda is to blaze the second leg of the reformist trail in Africa and sustain current rates of growth, say local economists, it must achieve a

declining in real terms higher rate of investment infarms and factories, as well as in human capital and economic and social infrastructure.

As one donor official puts its "Uganda now has to show it can provide the management of its reources that sustained

I Investment: by Michael Holman

Exciting opportunities abound

Political stability and sound economic policies have played a part in attracting investment interest

It seems appropriate that three of Uganda's leading development agencies - the World Bank, the Commonwealth Development Corporation (CDC) and the Development Finance Company of Uganda

Rwenzori House, the slick new office block in central Kam-

Both the CDC and the DFCU were among investors shrewd money into its construction, and are expecting a most satisfactory rate of return - hoping to recover their outlay within

In his more modest offices on Kampala's busy main street. George Rubagumya, executive

ment Authority, sets out the factors that have made the country one of the most exciting investment opportunities in Africa: political stability; sound economic policies; a freely convertible currency, no restrictions on the employment of expatriates; cuts in corporate tax rate from 40 to 30 per cent; and investment incentives that include tax holidays of up to six years and duty-free imports of capital goods and

(DFCU) - should be located at director of the Uganda Invest- machinery. Opportunities range from the traditional strength of the Ugandan economy - agriculture - to the introduction of high-technology, such as communications.

One of the main projects soon to get under way is the construction of a cobalt processing plant at Kilembe, 400km west of Kampala, where there is some 1.1m tonnes of cobalt pyrites as a by-product of the copper mining. Brian Perks, the Common-

wealth Development Corporation's manager in Uganda, explains how the CDC, the European Investment 'Bank, the International Finance Corporation (the World Bank's soft-loan operation) and the French company Proparco will collaborate in an \$80m project that will extract cobalt from the pyrites at a rate of 1,000 tonnes of cobalt annually over

CDC's total investmentment in Uganda is some \$47m. A third of that has gone into reviving the dilapidated tea industry, where CDC is the single largest shareholder in Rwenzori Highlands Tea Company, in partnership with James Finlay plc. It also has placed funds into CelTel, Uganda's recently established mobile telephone company. and Rwenzori House itself,

with a 40 per cent stake. Meanwhile, Iona Joy, seconded from the CDC as operations manager at the Development Finance Company of Uganda (DFCU), outlines a pyrethrum project run by Agro Management (Uganda) in which IFC, the East African Development Bank, the US Agency for International Development (USAID) and the DFCU itself will take part.

The project, a prime example of the country's potential to develop non-traditional agricultural exports, is expected to generate foreign exchange earnings of around \$5m a year. involving 30,000 small farmers It is one of around 50 projects in the DFCU portfolio whose growth reflects the transformation of the Ugandan economy, quadrupling from

First formed in 1964, but revitalised in 1988 with an injection of new capital from London-based CDC, IFC, DEG, the German development institution, and the Uganda Devel

USh22bn by the start of this



Turning over a new leaf: the CDC has invested \$16.5m in reviving the dilapidated tea industry

ector by December 1997, raising more than USh300bn in the

Around 50 state-owned corporations are in the next phase total tax revenue collection. including Uganda Airlines and Heanda Commercial Rank But perhaps one of the most

striking examples of the reversal of the disastrous nationalis ation policy is the revival of the Madhvani family agroindustrial group of compa

Reduced to near-dereliction during the Amin era, the combination of external and local investment and the return of the Madhvani management has brought about a remarkable recovery in the group's fortunes, with total assets in Uganda now standing at more than \$200m and contributing between 7 and 8 per cent of

the expansion programme at the group's main industry, the Kakira Sugar Works outside Jinja, which will nearly double output to 120,000 tonnes of

Obstacles to investment, however, remain the modest size of the consumer market in a country of 19m people whose middle class was destroyed by the civil war. Plans to relaunch the East African Community grouping Uganda, Tanzania

and Kenya - a union that

70m consumers - are still in their infancy and local industrialists fear competition from cheaper imports as protective.

Housing is difficult to obtain and expensive, power supplies are inadequate and erratic and the road and rail network

remains weak. Foreign husiness people also express concern about what they see as an increasing level of corruption and official patronage. "Nowhere near the scale of Kenya," said one, "but, sometimes enough to make the difference between following through with a project or pull-



Now Alliance Air offers you the only NON-STOP flight from London. Heathrow. No more transit stops along the way, or going to Gatwick. No more uncivilised waking hours, just sit back, relax and enjoy a good night's rest. With the space and becurious comfort on-board



Investment in a fast growing market with:

- diverse natural resources
- liberalised trade regime
- Profitable investment opportunities



- successful privatisation programme
- vibrant private sector
- sound economic management with a low inflation

BE OUR PARTNER!

Uganda Investment Authority (UIA) is a one stop centre which promotes and facilitates investment offering attractive incentives, risk coverage, repatriation of funds and much more.



Winner of the 1995 Investment Promotion Agency of the Year Award for Africa & the Middle East The Investment Centre, Plot No. 28, Kampala, PO Box 7418, Kampala.

Tel: 256-41-251562/6,234105/9. Fax: 256-41-242903 For more information contact: Uganda investment Authority, PO Box 7418, Kampala, Tel: 256-41-251562/6, Fax: 256-41-242903

DO YOU WANT TO STAY UP TO DATE WITH EVENTS IN UGANDA?

The New Vision is Uganda's leading newspaper with a readership of over 350,000 daily.

Now you can receive the day's top stories from Uganda when you subscribe to the New Vision E-mail news service which will despatch key stories to you overnight.

For only \$150 per year you can read top stories from the New Vision everyday.

For further information: E-mail us on visionews@imul.com or contact our Marketing Department on fax: 256-41-244193



Five minutes from the Centre of Kampala opposite the golf course. Swimming pool, Satellite TV.

1 Kafu Road, P.O. Box 4595, Kampala Tel: (256.41) 257172/2, 259571/4 Fax: (256.41) 234160, 233569

A lush market garden

Good rainfall and better husbandry are pushing coffee production ever upwards

Uganda has successfully resisted the urban rush witnessed in so many other African countries. Fewer than Im people - a 19th of its population – live in the capital Kam-

From the air it is easy to see why. With its rolling hills of fertile, well-watered soil the country resembles one large, lush market garden. With such an abundance of ready food to hand for 2.5m smallholders, why move to the city?

The country's reliance on agriculture has done it little harm of late. Last year's surge in world prices for coffee, its main export, fuelled a minim and prompted the government, worried about its potentially destabilising effect, to slap a tax on coffee. The international Monetary Fund estimates the coffee windfall accounted for 3.7 per cent of

fallen, coffee could still account for some 65 per cent of CDP this year.

Good rainfall, better husbandry, thanks to the farmers' renewed interest in the crop and the planting of young bushes to replace ageing stock,

MAGRIC [U] LTD]

are pushing production ever exporters collapse. Although upwards.

Tress Bucyanayandi, head of Uganda's Coffee Development Authority, says output in 1995/ 96 should be 198,000 tonnes, 0.3 per cent up on 1994/95. "We're back at what we consider normal average production after the years of disruption and heading back to the peak of 213,000 tonnes reached in 1972/ 73. We aim to reach that and maybe exceed it."

The sector has been in the process of liberalisation for the past five years. The Coffee Marketing Board's monopoly on exports was removed in 1990, taxation reduced and most recently an export floor price was abolished. The result is a near doubling of prices paid to farmers since 1989.

But liberalisation has had an impact on quality and Uganda now needs to concentrate on improving standards if its robusta beans, which dominate exports, are to retain their premium on the world market.

"In the monopoly years farmers often had to wait a long time for coffee to be collected. so they stored and dried it carefully. With the proliferation of buyers, coffee is sold immediately and quality suffers," says Mr Bucyanayandi. The message is now getting through that we cannot afford to let Uganda's reputation

The sector is gradually settling as less experienced ■ Cotton: by Michela Wrong

Object lesson for investors

Uganda exported 470,000 bales in the started, only 80 survive and of early 1970s those only 40 are really active. compared to 33,000 bales last year

260 exporters have applied for

licences since liberalisation

Mr Bucyanayandi expects 40 to

50 serious exporters to remain

Now that world prices have

fallen, growers are looking for

ways of adding value. One idea

being considered is to revive

exports of wet processed coffee,

largely abandoned during the

"Studies show that as long

years of political instability.

as von can guarantee a mini-

mum volume to the buyer, wet

processed coffee pays because

it caters for a specialty mar-

ket," says Mr Bucyanayandi.

"It's up to individual farmers,

but we would certainly encour-

agricultural sectors - cotton, tea and sugar - did not

weather the turmoil of the

Although liberalisation has

triggered a recovery, output

still bears no comparison to

levels reached before Idi Amin

The tea industry had recov-

ered to 12,700 tonnes by last year - half its peak level - as

ownership transferred to farm-

ers and estates were returned

to former owners. One investor

is the Commonwealth Develop-

ment Corporation (CDC). In

partnership with the UK's

James Finlay plc, it has invested \$16.5m, a third of its

Ugandan portfolio, in the six

privatised tea estates that

make up Rwenzori Highlands

they found bushes had grown

to 40 feet. It will take some

years to recover from such

neglect. "The quality will

never be amazing but there is

huge potential for high yields.

But so far we are not getting

says Brian Perks, CDC's coun-

While Uganda recently bene-

fitted from its reliance on one

crop, the coffee boom under-

lined its vulnerability to dra-

matic prices swings. There is a

growing realisation that

Uganda must exploit the oppor-

tunity offered by its fertile

Experts believe the future

lies in exports of maize, beans,

fish products, fresh fruit and

hides and skins. The value of

such non-traditional exports

rose 65 per cent last year,

according to the World Bank

It is expected to more than

double between 1994 and 1998.

soils to diversify.

to over \$166m.

much return on Rwenzori.

When CDC staff first arrived

expelled Asian estate owners.

1970s as well as coffee.

Uganda's other traditional

in two years' time.

For those tempted to invest in Uganda, Bruce Robertson's tale is something of an object lesson, highlighting the potential pitfalls and possible rewards of venturing into the under-exploited agricultural sector of a country as it opens to the outside world. The young South African

nan, managing director of Africa Resources Ltd, arrived in Uganda last year with less than \$1m to invest in an export-oriented agricultural venture. He soon decided the long-neglected cotton industry offered the greatest promise. Once one of the world's biggest cotton producers, exporting 470,000 bales in the early 1970s. Heanda produced 33,000 bales last year. Now liberalised, the sector had been crippled by civil strife, an inefficient marketing board and

poor management by co-operative unions which failed to pay

ment's open exchange rate policy, its record of political stahility and an investment code that promised zero tax for the first five years, Mr Robertson singled out two ginneries in the eastern district of Pallisa.

The Iki-Iki and Kabole ginneries had been rehabilitated in the 1980s and were in good condition. One was working only at a fraction of capacity and the other had not operated for three years. The North Bukedi Co-operative Union responsible for them was bankrupt, owing money to the banks, farmers and its work-

Advised by Uganda's Investment Authority and Cotton Development Organisation. Africa Resources offered to pay off and take over the union's debts as part of a joint venture. A memorandum of understanding was drawn up and the deal appeared ready to steam

But a rival suddenly appeared on the scene. Alerted to the enormous potential of the ginneries, the rival drew up a similar deal to Mr Robertson's, added 10 per cent, and offered union officials sweeteners to clinch a rival deal. "I returned to sign and found

they had stolen my contract from under my nose," says Mr Robertson. It seemed a familiar chapter in the typical African business saga - sleaze factor sends naive foreign investor nacking.

rather than taking short cuts and they intervened. All memwere cancelled and the union was told to put rival offers to a members' vote.

door, explaining his plans to farmers. "The rival group lobbied the president and the minister, but it didn't spend a day in the district. On the day of the vote the farmers opted unanimously for me." The fight was not over. As

It was at this point that Mr Robertson's decision to go through official channels paid off. He complained to the Ugandan Investment Authority orandums of understanding

Mr Robertson spent weeks in to go back on it." Pallisa going from door to The ginneries started operating under new management last December and are now buying from 10,000 farmers, distributing \$15,000-25,000 cash daily through a network of pri-

the deal was finalised, the rival group continued to put intense ure on union officials and the district commissioner to switch sides.

"On the very day we signed union officials were being approached in their hotel by men offering brown paper bags of money. It was a hell of a Bruce Robertson examines cotton at one of his ginneries tense process. But the fact a we were serious, around to vote had been held made it stay and we paid cash. There impossible for those involved are 56,000 farmers in Pallisa and every one now wants to

grow cotton."

The ginneries are working six days a week and Africa Resources believes in three years' time it could net \$2m in profit on turnover of \$12m, not a bad return on a \$1m investment. It has been exporting to For farmers who had not Japan, Taiwan, Kenya and Gerbeen paid in cash since the many and the Japanese are so 1960s, the sudden inflow has impressed by the cotton's qualbeen a tremendous psychologiity they are considering buying

the whole crop.

Mr Robertson believes his story illustrates the imporson we had to prove to farmers country such as Uganda.

■ Alds-related diseases: by Michela Wrong

Impressed by the govern-

their farmers.

Processors: **Exporters:**

Importers:

Seed, Food, Maize Beans, Sesame Seed. Seed, Fertilizer, Agro-Chemicals

Design + Supply:

Agro - processing Equipment for coffee, oil, maize, rice

Stockists:

Weighing Equipment & Solar

MAGRIC - SUPPLYING A GROWING NATION! Plot 103 Jinja Road, PO Box 3218, Kampala, Uganda

Tel: 256.41 232100/259646 Fax: 256.41 244606



FINANCING **UGANDA**

THE ONLY FULLY ACCESSIBLE BANK IN ALL CORNERS OF UGANDA



offering full coverage in money matters

Uganda Commercial Bank the people's own bank

> P. O. Box 973 Tel: 256 - 041 - 234710/23 Fax: 256 - 041 - 259012 Kampala - Uganda

Grow bigger with us

Army major works a minor miracle

The statistics make bleak reading -450,000 **Ugandans** dead, probably 1.5m infected

When Ruranga Rubaramira, a major in the Ugandan army, discovered he had tested HIV positive after contact with a girlfriend who has since died of Aids, he debated whether to tell his colleagues. "I thought, I can keep quiet. But even if I keep quiet, I will die. So why die without having first done some good?"

The major not only told his superiors, he volunteered to start counselling fellow sufferers. Seven years later, the 48year-old infantryman has become something of a national celebrity, appearing on television to advertise an Aids helpline, answering radio listeners' questions on a medical programme and helping to run a centre in Kampala testing Aids drugs.

Everyone seems to know

me," he acknowledges. "Maybe that is because I have revealed many things other people wouldn't."

His aim, he says, is to destroy the social stigma still associated with Aids that leaves sufferers so depressed, anxious, ashamed and self-obsessed they take few steps to prevent others being infected. In future accounts of the his-

tory of Aids in Uganda, Major Ruranga and the many others like him may be credited with working a minor miracle. For the latest exciting evidence suggests HIV prevalence is finally falling, the result, scientists here suspect, of a fundamental change in sexual behaviour triggered by a public campaign that has been often breathtaking in its frankness.

Where other African leaders have either skirted the problem, denied its existence, or succumbed to browbeating by the Roman Catholic church when it comes to recommending contracentives and family planning, President Yoweri Museveni realised that open-

ness was the most effective weapon against Aids in a traditionally conservative society.

On the main airport road

into Kampala, huge billboards recommend abstinence, fidelity and condom use and warn against the lustful feelings generated by alcohol. A total of 600 local non-governmental organisations offering advice and support to the afflicted are registered with the Aids Com-

"Capital doctor." the radio programme Major Ruranga talks on, offers blunt advice on sexual practices and dispels sexual myths, while "Straight Talk", a monthly supplement aimed at the adolescent market which appears in Uganda's main newspaper, tackles problems ranging from date rape to vaginal discharge.

"We have found that simply talking about sex is not enough to combat Aids," says Catherine Watson, Straight Talk's technical adviser. "You have to be detailed and you have to be explicit. It's true that it's not normal to talk

about penises and masturbation. But these are not normal

The first crop was a disap-

pointing 3,500 bales, but Mr Robertson confidently predicts

next year's crop could reach

The programmes and the campaign as a whole are targeted at the group considered most at risk - those between the ages of 15 and 25. The aim is to raise the average age at which most Ugan-

cal boost.

dans first have sex from the present 15 to 18, increase contraceptive use and faithfulness to partners and encourage girls - five times more likely to catch the virus then boys - to

take control of their own sexuality. Aids experts believe it is the behaviour of this section of the population that now lies behind the latest interesting statistical trend. At an international Aids con-

ference staged in Kampala last December, Ugandan scientists revealed that blood samples taken from pregnant women in 1995 had shown HIV prevalence, which showed signs of stabilising in 1992/93, was now actually decreasing in urban areas and holding steady in the

While stressing more studies are urgently needed to show what precise factors lie behind the trend, experts believe a change has taken place. "Surveys suggest that urban youngsters in particular are behaving differently," says a health ministry official. "Their knowledge of Aids is very high, they are sticking to regular partners and they are using contracep tives. The young are learning

the lessons of the past." If the latest trend continues, recent projections that saw average life expectancy falling to a horrific 32 by 2010 and more than 2m Ugandans either HIV-positive or dving of Aids by 1998 could be wrong-footed.

The facts still make for bleak reading: some 450,000 Ugandans already killed, a probable 1.5m infected, whole families wiped out, devastated rural communities where the number of plots is shrinking, agricultural output falling, orphan numbers rising and labour in short supply because the women who tended the fields

The SmartMoney Card.

Get it and you may never need cash again.





Order Your As an investor you ought to look at the patential of East African **Subscription** to the

Financial Times years of successful investment in the development of East Africa could be of great help to you. Make a start,

> E.A.D.B. Building 4 Nile Avenue P.O. Box 7128 Telephone: 230021/5 Telex 61074 EADEVBANK Fox: 256-41-259763

KAMPALA, UGANDA

HEADQUARTERS

Contact us today.

NAIROBI, Kenya. P.O. Box 47685 Telephone 340642 Fox: 216651

DAR-ES-SALAAM, P.O. Box 9401 Telephone: 31067/9 Telex: 41175 EADEVDAR



Daily our wagons oil Uganda's fast growing economy bringing essential industrial raw materials from the Mombasa Port, Kenya and Dar as Salaam Port, Tanzania.

Our computerised cargo monitoring system links all the three East African Railways. Adaptable, we even do door to door delivery via rail sidings into major factories. Take advantage of our capacity to haul bulk cargo in wagons and containers at competitive rates.

> Special rates are negotiable for customers who offer large volumes of cargo. At Uganda Railways Corporation, we know you rely on us to deliver.

PO Box 7150 KAMPALA Tel: 258051 Fax: 244405 Telex: 61111 URAIL



CRANE BANK LIMITED

Plot 20, Kampala Road, P.O. Box 22572 Kampala, Uganda

HIGHEST CAPITALISED

BANK

SPECIALISTS IN LOCAL INVESTMENT **EXPORT FINANCE** AND MERCHANT BANKING

CONTACT Tel. No:- (00256-41) 245345/241414/241420 FAX NO: (00256-41) 231578 Telex No: 61627 CRANEBNK-UG

The Financial Times **Subscription Department - Frankfurt** Tel: +49 69 156 850 Fax: +49 69 596 4478 Financial Times. World Business Newspaper.

You could profit from our experience

Human resources. Row materials and a market with rapid growth prospects make it an attractive area for Investment. As an investor you should talk to the East African Development Bank. We are a well established organisation with strong connections nside and outside the region. Our experience from many

Telex: 22689

EADEVBANK

EAST AFRICAN DEVELOPMENT BANK

Visitors are starting to make their way back Heat is on as

Uganda's tourism master plan seeks to avoid mistakes made by its neighbours

Aids and Idi Amin are what most foreigners associate with Uganda, and neither mental image tends to trigger enthusi-asm for a visit. Despite such handicaps, tourism is now the fastest growing section of the economy, rising 18 per cent a year. In 1995, tourist arrivals reached 175,000, the level originally projected for 2002.

The figure represents an impressive turnaround. In the early seventies, Uganda's tour ism industry matched that of neighbouring Kenya. It was then the country's third largest foreign exchange earner, with 85.000 annual visitors. Then the megalomaniac Amin seized power and everything changed.

Most of the industry was run by Asians. Amin expelled them in 1972 and distributed their properties to his followers, who ran them into the ground. But the widely-reported atrocities of his regime were a stronger deterrent than poor crisine or dirty sheets.

The decline was sealed during the "liberation war" of 1979, when invading Tanzanian forces went on machine-gun killing sprees in the game parks, slaughtering wildlife for sale on local markets.

Poaching became commonplace. A hippo is large enough to feed a village and tastes a little like pork. Thousands of elephants in the Queen Elizabeth and Murchison Falls national parks, living up to their reputation for intelligence, sized up the situation and crossed into Zaire.

Although tourist numbers climbed slightly in the early eighties, the industry only began to revive when Presipower in 1986. Seeking to escape dependence on coffee

exports, the government pin-pointed tourism as a key source of foreign exchange. In 1990, Uganda's Tourism Master Plan - drawing on les-

sons learned from 20 years of global mass tourism - set out to target the high spending. low-impact "eco-tourist" who brings in money without damaging the environment. In drafting its plans, Uganda

has regarded its more commercialised neighbour, with its saturation game viewing and environmental degradation, as a salutary lesson.

"We really want to avoid mass tourism. We don't want to be like Kenya," says Igna-tius Nakishero, marketing manager of the Uganda Tourist Board.

By-laws dictating what buildines can be constructed within the national parks are aimed at ensuring that the ugly hotels that blight scenic spots in so many developing countries never spring up.

The emphasis is on local par-

ticipation and revenue sharing. key to long-term development. Uganda National Parks has promised that 12 per cent of park profits will be distributed to the local community, with 2.4 per cent going into a cen-tral pool to benefit less successful parks.

Unfortunately, this requirement is not yet practicable, given that Bwindi Impenetrable National Park, whose mountain gorillas are the country's biggest tourist drawcard. and the Mgahinga gorilla national park are currently the only ones operating at a profit. While last year's tourist figcess for the plan, they are

somewhat misleading. "About 80 per cent are on business or visiting family," a senior ministry of tourism official says. "Only 20 per cent are holiday-makers and only a handful are high-spending

Most are backpackers and overlanders, tolerated as path-



breakers for wealthier custom. Hampering development is the lack of a skilled workforce and a creaking national infrastruc-

Middle-income visitors may quibble over poor food, slow service and cold water in the lodges but backpackers have more basic complaints - simply getting to Kidepo or Murchison Falls, parks in the north and north-east, can be a problem, particularly since there

has been a recent upsurge in "People here need to realise that we must be a little more professional," said Geoffrey Zobbo, president of the Uganda

Although animal numbers are steadily rising, those accustomed to the easy game viewing on offer in South Africa and Kenya will find Uganda a challenge At Queen Elizabeth, where

Tourist Association.

the lakeside Mweya Lodge is about to undergo a \$4m renovation under its new Asian owners, hippos trot gracefully past bedrooms at night. But the elephant population, which has risen to 1,100 from 150, can be more elusive and a game drive exposed little more than

Future expansion is bound to benefit from last year's relaunch of the East African Community grouping Kenya,

Tanzania and Uganda, which holds potential for both the development of Lake Victoria. a shared asset, and the region

"East African co-operation will enable us to penetrate new markets. We can sell ourselves as a region as we did in the Nakishero. "I hope from now on we will learn to look at each other as allies, and not connetitors.

Aviation 042 20601 or 234382;

Tropical Airways 230829.

Banks: Barclays 232594;

234710; Standard and

hours: 8.30-14.00

Uganda Commercial Bank

Chartered 231473. Banking

liceful contacts: licanda

Uganda Manufacturers'

Corporation 235784;

Ministry 231104.

Development Finance

Association 220285/245560;

Investment Authority 251562;

Commonwealth Development

Company of Uganda 256125;

Finance Ministry 234700; Trade

Car Hire: Phoenix (tel 236096)

is one of the few to accept

election looms

The ferocity of the rhetoric from both sides has sent jitters through the

E-Politics: by Michela Wrong

business community As the days tick by in the run-up to Uganda's first presidential elections, the country's western donors may well be wondering whether President Yoweri Museveni was right all

The former rebel leader's line was always that multi-party democracy risked shattering the fragile national consensus behind his "noparty" political system, lifting the lid off the tribal tensions that tore Uganda apart under dictators Idi Amin and Milton

Ten years into his rule, that contention held increasingly little weight with foreign goveroments who argued it was time Uganda, darling of the aid world, began to meet democratic standards demanded of other African states.

But in the countdown to the May 9 polls, the ferocity of the rhetoric coming from both sides and its strong tribal undertone has surprised many and sent jitters through the business community, highlighting the tenuousness of the country's grip on peace and

Rallies staged by Paul Secogerere, the candidate championed by the two main opposition parties, have been broken up by the security forces and supporters beaten up. Access to the media by the opposition. whose candidates are obliged to run as individuals, not party renresentatives, has been lim-

"There is no level playing field," complains Professor Patrick Rubaihayo, co-chairman of the committee co-ordinating the Democratic Party (DP) and Uganda People's Congress (UPC) campaign. "We didn't expect much we knew who we were dealing with, but we have still been surprised by the level

The rising temperature is a asure of the concern felt by the National Resistance Movement (NRM), which has gone from anticipating a walk-over for Mr Museveni to suspecting Mr. Ssemogerere, a 64-year-old former cabinet minister, might just stand a chance of victory.

In a rare development in Africa, two opposition parties have succeeded in papering fielding not only a single candidate for the top post but joint candidates for parliamentary elections due in June. The strength of this unlikely union between the UPC, whose leader, Mr Obote, abolished the traditional monarchies of the south, the DP's main constituency, has been a surprise.

Also hurting Mr Museveni are the increasingly damaging attacks in the traditionally pro-

opposition north carried out by the Lord's Resistance Army, a rebel movement that has made the president look ineffectual and highlighted his failure to develop the impoverished

As the three candidates ~ Mr Museveni, Mr Ssemogerere and Muhammad Mayanja (considered an also-ran) - do their work on the hustings, the opposition is already accusing the NRM of preparing to fiddle the ballot.

But many analysts believe Mr Museveni can win legitimately because of the enormous credit he still enjoys across the country for bringing

A recent survey by the proopposition newspaper, The Monitor, showed that while most of those question believed Mr Ssemogerere had better policies, they would vote for Mr Museveni because they believed only he could command the army's loyalty. On polling day, doubts about

the credibility of the opposition alliance, and fears the UPC intends to bring Mr Obote back from exile, could also make voters opt for Mr Museveni's unexciting "no change" alogan.

Even if Mr Museveni gets his popular mandate, the nature of Ugandan politics appears to have passed a turning point well ahead of the referendum due in 2000 to decide whether the country abandons the "movement" system in favour of multi-partylsm.

Analysts predict the NRM. which enjoys an 80-85 per cent majority in the current governing council, will see this shrink to around 60 per cent in the parliamentary polls.

Given the bitterness of personal exchanges seen during the electoral campaign, future accommodations between Mr Museveni and Mr Ssemogerere now appear impossible.

"The coalition system is dead, it is shattered," says Charles Onyango-Obbo, The Monitor's editor. "The NRM has lost its traditional claim to legitimacy, which was that it was inclusive and eliminated tribalism. It has exchanged that for its record on peace and

the economy."
With the NRM's role as an all-embracing body standing above tribal affiliation at an end, a future of confrontational politics on ethnic lines beck-

arguing the electoral campaign has merely exposed the truth "no-party" system; an army, administration and ruling secretariat dominated by members of Mr Museveni's western Ankole tribe.

"This has been a tribal domination from the start," insists Mr Rubaihayo, "There never was a national consensus." But the system, however hypocritical, has one thing to its credit: a decade of peace in one of Africa's most troubled nations.

As a country in transition, Uganda can seem to the visitor a puzzline juxtaposition of high-tech modernity and rudimentary

Sharp-suited local smen sport mobile phones, tap the internet and discuss Reuters prices. But credit cards are useless outside Kampala, phoning 80km east of the capital often impossible and bureaucracy

Sabena, Air France, British Airways and the new Alliance Airlines now link Uganda with Europe. The airport is at the old colonial base of Entebbe, a 45-minute drive from Kampala, either by taxi (\$25) or in one of the buses offered by the city's hotels. Airport tax on departure is \$20. Until recently, hotel choice

was restricted to the

conveniently-located but expensive Sheraton, Several four-star hotels now offer similar services at lower prices. Alternatively, the Diplomate, outside the city centre, has a more intimate atmosphere

Telephone rates, once among the highest in the world, are reasonable, but hotels still charge astronomical prices for calls. It may be more convenient to hire a mobile phone from Kampala and international destinations are good but dialling upcountry, even as

Taxis, available at hotels or on street corners, can be hired for the day for around \$50. The boom has turned traffic jams from a rarity to a twice-daily event. Car hire is an expensive alternative: a four-wheel drive

Business guide

mileage and fuel extra.

Most travel agencies and car hire firms refuse credit cards. Shillings and foreign currency can be bought with Amex or Visa at Barclays Bank and money can be changed at banks, forex or licensed hotels and travel agents.

Ugandans have a less urgent and appointments often run late - particularly if it is raining. This can be frustrating if the appointment is 45 minutes away in Entebbe. Swapping calling cards is an established ritual

and business attire is formal. Many foreigners have invested in restaurants and Kampala now has a choice for diners. The best are Indian -

eke Hotel – or Chinese -Fang Fang and Shanghai. The Swiss House offers fondue and the Sheraton's Lion Bar serves

Ugandan food. ' For entertainment, the National Theatre shows English-language plays, notable for their vociferous audience participation. There and casinos, most frequented by call girls. As Uganda has among the highest level of Aids in the world, prostitutes

are likely to be HIV-positive. For long weekends, Queen Elizabeth National Park and the delightful Mweya Lodge are a five-hour drive, or short private flight, from Kampala. The country is dotted with air strips for those interested

mountain gorillas in Bwindi Impenetrable National Park, one of the wonders of the world, needs to be booked in advance. Most parts of the country are safe for travellers but it is now worth checking for northern destinations such as Gulu before setting out. Useful telephone numbers (Kampala unless otherwise

in charters. A trip to the

Kampala (0) 41, Entebbe (0) 42 244590, Equatoria 250780/9. Grand Imperial 250681/8, Nile 235900/9, Diplomate tel/fax 267625. Entebbe – Lake Victoria 042 20644/5 Airlines: British Airways 256695; Sabena 234201; Air France 242907; Alliance Airlines 244011; Uganda Airlines 232990; Kenya Airways 236948; Egypt Air 241276. Charters: Eagle

Amex; Avis 257286; Vacational Embassies: UK High Commission 257054; US 259791; Buropean Union office 233083.

Anna Borzelio

Sound Monetary Policy has, among other measures, resulted in a stable macroeconomic environment conducive to investment in Uganda.

Under the new Financial Institutions State 1993. the Bank of Uganda has fully liberalized the financial system and encourages both foreign and domestic financial institutions to invest and locate in Uganda.

The foreign exchange market is fully liberalised. In line with this development, the exchange rate is freely market determined. This allows easy flow of investment resources and repatriation of dividends.

BANK OF UGANDA

P.O. Box 7126, Kampaia, Uganda, Tel. 256-41-258441/6, 258060/9 Fax: 256-41-258218



The LaSource Group

Building a Major Mining Business in Africa

partnership between the Normandy Group of Australia and BRGM of France.

Gold operations in Africa and South America with equity share of productions of 240,000 oz after operating cost of US\$ 120 per

A major explorer with a budget of more than US\$20 million per annum.



La Source in Uganda

Interests held through its Canadian linked subsidiary Banff Resources Ltd



Banff holds

a 55% Interest in the Kasese Cobalt Company Limited, which owns the Kasese Cobalt Project

• . a 65% option over the Kliembe Copper-Cobalt Mine an extensive exploration portfolio

LaSource looks forward to a long

and active future in the Ugandan minino industry.



The LaSource Group 31, Avenue de, Paris,45000 Orléans Tel: (33) 38242400 Fax: (33) 38242424

KCCL KASESE COBALT

When you want to be part of the Uganda success story there is no better place to start than with the Orient Bank Limited. We have the knowledge and deep experience in the country. We are there for you! ORIENCE BANK LIMITED MODERN BANKING WITH A TRADITION OF TRUST Head Office:Uganda House Plot 10, Kampata Road, orient P.O. Box 3072, Kampala, Uganda. Tel: 256 (41) 235012/3/4/5 Teles: 61.342 ORIETEK UG Fax: 256 (41) 236066 JINJA BRANCH: 1 Busoga Squara, P.O. Box 360, Jinja, Tel: 256 (43) 211 27/28, Fax: 256 (41) 236 068 Allison Brothers Ltd. World Travel Service

ALLIANCE AIR

£395 Return non stop Direct Flights

10 Maddox Street, London WIR 9PN Tel: 0171 499 7203 - Fax: 0171-409 1563

To East Africa From Heathrow

حكة امن الأحل

ive.

ace

zfu-

use ere as

ng zht

ifficial get ast mineral distriction or the contract of the co

Fascist view of the usurper king

the Berlin Film Festival I had an outbreak of defensive bardolatry. It was probably the spirit of my surroundings. In Hitler's city it seemed a touch glib, not to say tasteless, to have Shakespeare's play dragged up - in all senses – with jackboots, SS uniforms, Lugers and red-onblack fascist regalia. Second time around, an eerie

charm and richer resonance issue from Sir Ian McKellen's usurper king, a smarmy blood-bound with Vincent Price moustache and cod-Sandhurst accent. We admire his wit and his timing (comical and murderous-political). And we applaud his gymnastic agility with his one unwithered arm, even though I missed the higher virtuosity with which he used to unbutton and doff entire jackets in the original mod-dress National Theatre production by Richard Eyre.

McKellen and director and co-writer Richard Loncraine push the play, only slightly screaming, into a 1930s England shot in saturated colours and rearranged by computer graphics. St Pancras station, playing the royal palace, stands on the River Thames. The Brighton Pavilion stands on the seafront. And Battersea Power Station stands almost everywhere, its white boar'stusk chimneys representing every House of York power base from the Tower of London to Bosworth Field.

Purists may sniff at some sillinesses: like the casting of Robert Downey Jr as the Queen's American-accented brother. (He gets stabbed through a mattress just like the Friday The 13th teenager he resembles.) The Queen herself is Annette Bening, also American and also struggling. Surrounded by born-to-thebard actresses like Maggie Smith and Kristin Scott-Thomas, hauntingly good as a Lady Anne prone to wander into morgues and "shoot up"

or the third time this year,

sions in recent years, the Almeida Theatre in Lon-

don's Islington has come up with (much) the best verse-speaking in

London First was Craig Raine's

1953, in Patrick Marber's production

of which the wedding of metre,

rhyme, naturalness of utterance and

rarest order.

role and others.

high tension of pacing was of the

Next, though only for a single per-

formance on Maundy Thursday, was

Irene Worth, who presented her

account of working on the original

production of The Cocktail Party

with T.S. Eliot, in which she deliv-

ered speeches from her own original

Now the Almeida's two artistic

directors, Jonathan Kent and Ian

McDiarmid, have given us a new

production of Molière's Tartuffe. Kent directs, McDiarmid takes the central role of Orgon, and the verse

is alive. The way the cast negotiate

the rhymes is especially refreshing. The actors use them to add tension

and rhythm to a line, frequently lift their voices up to hit them, and never like leaden weights. And the

rhyme lends an extra stress to the

metre that gives buoyancy to each

and every line. This has much to do

and as on several other occi

tries speaking loudly and bos-sily. But that is what Holly-wood lady executives do, not English queens.

Elsewhere, for all its grander t-moments - the opening tank bursting through the wall, the final toppling of Richard into hell's flames - this Richard is best when it is quietest. McKellen bickering patiently with John Broad-bent's owlish Buckingham as they watch the grainy black-and-white newsreel that

> RICHARD III Richard Loncraine

THE BIRDCAGE Mike Nichols

Todd Haynes

COPYCAT John Amiel

is all we see of Richard's coronation. (There is a budget-saving ingenuity for you.) Or best of all, Richard saving the sec-ond half of his "Now is the winter" soliloguy for that quiet place where we can all be alone with our guilts and schemes and thoughts. The

As La Cage Aux Folles it was a French stage comedy, a French film and a Broadway musical As The Birdcage it is an identity crisis masquerading as a movie. Screenwriter Elaine May and director Mike Nichols. who once wowed the nightclubs as a comedy act before splitting up to make movies, have been seized on in this their first screen collaboration by a Great Idea.

Let us set the story (they no doubt unisoned) in outrageous South Miami Beach. And let us make the stuffy father (Gene Hackman) of the girl who is to marry the son of the gay nightclub-owner (Robin Williams) who (Williams) must clear his

apartment of eav knick-knack and a screaming-queen boyfriend (Nathan Lane) before said parents descend for dinner - let us, we say, make that father a gung-ho "family val-ues" senator. It would be so topical for pre-election America in this year of our Lord and Bob Dole and Pat Buchanan Senator Hackman, who has

been hared by his daughter's assurance that Williams is a respectable diplomat, would not wish to be seen dead or alive in an all-male love nest But the paparazzi are already baying outside the door and the gay houseboy is already baying inside the door. And the irrepressible Mr Lane must render *deus ex machina* service by donning wig and frock to play the missing "mother". And yes, finally, Mr Hackman must find his own way of

Do we sense trouble when a film can only be described with quotation marks? Though its comedy is alternately coy and crass. The Birdonge has been a hit in the US, where audiences who chartle at gay stereotypes have found it funnier than Thanks For Everything, Julie omar. But since a blow with a brick would be funnier than that film, this seems scant commendation for a movie overwrought, overacted and over only after a painfully long

No one "comes out" in Todd Haynes's Safe. Indeed not since The Fly (original version) has a leading player disappeared into a movie's scenery more completely, or more memorably. Julianne Moore plays Carol White, a cleaner-than-clean Los Angeles housewife who succumbs. during two hours of coughing fits and initially genteel panic attacks, to full-blown "20th Century Illness"

That is the condition in which, put simply, you are allergic to everything. Even, it seems here, to having everything. Carol lives in a home

Theatre/Alastair Macaulay

A well-versed but

lightweight Tartuffe



Smarmy bloodhound with a cod-Sandhurst accent: Ian McKellen as Richard III, updated to the 1930s

caring husband and model child and defies Smog City with aerobics and healthy esting. Yet by the close she is immured in a clinic, beating sparrow-like against her fate inside her own bubble-shaped germ-insulation chalet.

Since this director made Poison, that sly triptych whose central story spoofed the 1950s Hollywood killer virus movie, we sniff excitedly for double meanings. We suspect that Haynes suspects that this illness is at worst imaginary, at best wonderfully emblematic. For like another Havnes heroine, anorexic singer Karen Carpenter who was played by a Barbie doll (sic) in his mockumentary feature Superstar, Safe's heroine is a human figurine in search of a soul. Her illness may be a symptom of the loss, or of the eroding anxiety of the quest.

Some viewers complain of too much neutrality. Carol is so passive. The soundtrack is so quiet. The camerawork is so cosseting. We keep expecting a soothing voice to say, "Time for your medication, Mr (or Miss) Audience."

Yet the lush antiseptic visuals, out of 2001 by Imitation Of Life, harbour their own sardonic germs. Look at the wall of balloons bobbing like giant bacilli at Carol's birthday party. Look at the luxury bed-

superficial. What most distinguished

ous and radiant presentation of the heroine, so that we felt her guard-

ian's plans for her were a form of

misogyny, that they were, indeed, a

McDiarmid's skill with crusty Pan-

taloon types and his fondness for

little over-the-top explosions work jollily in the role of Organ. Susan-

nah Harker's Botticellian loveliness

and Bambi manners work well for

Tom Hollander - now wearing his

blonde hair way past his shoulders,

and casting his eyes heavenward in

attitudes worthy of Greuze - is suit-

ably cast as Tartuffe, with his ven-

omous little frog voice (used here often in the quietest tones), his out-

size head, his cherub/thug looks. The

comedy becomes more incisive with the irrepressibly outspoken Dorine

of Diane Bull and the vivid but

slightly (amusingly) silly Marianne

of Emma Chambers. But everything

here is geared to make Tortuffe not

truthful to life but merely effective

At the Almeida Theatre, London N1

hypocrisy casts no chill.

his wife Elmire.

room that gets vaster, or seems to, with each new stage in Carol's marital ennui. Look too at Moore's perfor-

mance - that squinty stare that comes from a lifetime of emotional flinching, that poised inanition, that stance on the verge of crumpling into the rag-doll. This is the summation of a century's manne-quin Hollywood manners: of beauty as social requirement. of perfect toiletry as perfect

Copycut (opening next week) is another form of perfect torture. Take two fine actresses, Holly Hunter and Sigourney Weaver, and throw them into an oubliette plot about serial

killers. Hunter plays the San Francisco police detective seeking a multiple slayer. Weaver is the agoraphobic lecturer on serial murder, who has penned herself inside her apartment ever since the day a real killer tried to give her a practical demonstration.

For someone phobic about wide open spaces she has a nice taste in picture windows. Probably any psychopath in California could spy on her through that square mile of double glazing. But then that is what the plot requires. A heroine in jeopardy; the lastscene shadow in the doorway; the noisy crescendo of contriv ance and coincidence.

Opera Tosca to the rescue

tion is cancelled at Covent Gar-den, there is always Tosco waiting in the wings. The lost opera this time was Il corsaro, which had nomised to be one of the most attractive offerings in this year's Verdi festival. This is already the third time out of the stable this season for Zeffirelli's old staging and with the right cast it still works. The three principal singers

this time are hungry to score a success in it. Nelly Miricioiu has not sung at Covent Garden as much as she might have done. In the last 10 to 15 years she has won a significant reputation overseas in the early 19th-century Italian reperioire and Verdi's Il corsaro would have suited her perfectly, but the change of plan now leaves her trying to reassert her rep-utation in Britain with the less comfortable role of Tosca. Miriciolu sings as though she believes that her voice is

not big enough for the part in this theatre. The evening is split between quiet moments, where she is able to phrase with the beauty of sound she brings to Bellini and Donizetti. and louder passages where she resorts to forcing the volume. Professionalism carries her through, bolstered by her keen understanding of the words. Her Tosca is an artiste down to her fingertips, the kind who turns every wave into a theat-

rical event. Her Cavaradossi is José Cura, who is temperamentally at the other extreme, as natural as she is affected. Like all three of the principals, he was originally intended for the Verdi and this Puccini is as yet on the heavy side for him. It was not until an exultant cry of "Vittoria" in Act 2 that he gave the full force of his voice to the audience. What promises to make him a special performer is his determination not merely to play the star tenor on stage. For "E lucevan le stelle" Cura does not parade up and down emoting. He simply sat slumped at a table and sang with infinite tenderness, as if just for him-

Anthony Michaels-Moore's chilling Scarpla. In theory, this opera should be too heavy for him as well and, even after hearing him make such a confident job of it. I am not sure that the role is one he should be singing every day. It would be a shame if his beautiful lyric baritone were to have its youthful sheen torn on Scarpia's treacherous vocal barbs. But everything about his performance is already alive to the dramatic possibilities of

the role. All three were newcomers to their roles at Covent Garden and they were in the safe hands of Edward Downes in the pit. Despite some moments when the tension flags, he is a more idiomatic conductor than others we have been subjected to recently. This was the 376th performance of Tosca at Coveut Garden. May the next hundred or two be as unback-

neyed

Concert/Adrian Jack

Mutter and Orkis playing inspired so much music by

crime against nature. Yet we feel nothing that seriously here. Orgon's gullibility is just daft, and Tartuffe's he violinist Anne-Sophie Mutter is on a recital tour of 16 European cities with the pianist Lambert Orkis. They reached London's Barbican Hall on Friday and were greeted by a capacity audience. Mutter is always good to watch: elegant and gracious, and at one with her excellent partner. She played a demanding programme entirely from memory and did all her tuning off-stage.

Her programme was almost two recitals - the first half serious, the second entertaining. Brahms's youthful, fiery Scherzo in C minor was followed by Bartók's Second Sonata, sensibly placed early in the evening when the audience's powers of concentration had not weakened. It was a fine, passionate performance of an astonishingly fertile, deeply moving work, which made Beethoven's Sonata in G. Opus 30 no 3, seem all the more innocent and charming afterwards.

The dominating personality after the interval was the glamorous Spaniard Sarasate, whose own

other composers. His outrageously seductive Air bohémiens and spectacular Carmen Fantasy were separated by Wieniawski's atmospheric, gently brooding Legend in G minor - no lack of warmth from Mutter here. As for the flood of soulfulness on the violin's lowest string and fireworks spitting and sparking across the others in both Sarasate medlevs. Mutter was on perfect form. The Carmen Fantasy relegated

Lambert Orkis very much to the role of scene-setter, but he came unexpectedly into his own with his resounding, mock-pompous announcements of the three encores which tickled everyone including Mutter. For the record, they were Brahms's Second Hungarian Dance, the Hoe-Down from Copland's Rodeo and a Heifetz arrangement of Debus-sy's song, "Beau soir", whose creamy, muted melody sent us floating home on a cloud of contentment.

Sponsored by Deminex UK Oil and Gas Limited

Richard Fairman Performances until May 11.

you get to the to



■ AMSTERDAM

CONCERT Tel: 31-20-5730573

 Radio Kamerorkest: and the Groot Omroepkoor with conductors Ton Koopman and Pater Ectvos perform Haydn's Symphony No.99 and Heiligmesse, and Lutoslawski's Partita and Musique funèbre, In Memoriam Bartók. Soloists include violinist György Pauk, soprano Barbara Schlick, alto Christa Pfeller tenor Christoph Prégardien, and basses Maarten Koningsberger and Julian Hartman; 3pm; Apr 27

BASLE EXHIBITION

Kunstmuseum Basel Tel: 41-61-2710228

 Canto d'Amore. Klassizistische Moderne in Musik und bildender Kunst 1914-1935: exhibition focusing on classicist modernism in music and visual arts. The display features more than 100 paintings, drawings and sculptures from international museum and private

collections, as well as musical scores from the collection of the Paul Sacher Foundation. The show includes works by Picasso, Matisse, De Chirico, Dali, Bonnard, Maillol and Leger, from Apr 27 to Aug 11

with the 1963 translation by Richard

Wilbur, in which natural ebullience

of spirit and formal control of style

are, as in Molière, beautifully allied.

play. It is fun to follow these people

expressing themselves. The tension between the bubbling spontaneity of

these characters (most of them exas-

perated by the hypocritical schem-

ings of the loathsome and sanctimo-

nious Tartuffe) and the polished

delivery of their verse becomes deli-

This Tartuffe has other virtues, too. It is a sort of sequel to Kent's excellent 1994 Almeida staging of

The School for Wives (also using a

Wilbur translation, and with

McDiarmid in a central role). Like

that, and again like many Almeida stagings, it is most handsomely

designed. Rob Howell's set is compel

ling: a grandly elegant French

baroque interior conceived, surpris-

Since the verse lives, so does the

BERLIN CONCERT

OPERA

Konzerthaus Tel: 49-30-203090 Das Orgehverk Johann Sebastian Bach: Organo con stroment: organist/harpsichordist Joachim Dalitz and flutist Robert Lerch perform J.S. Bach's Concerto for Organ in C major, BWV 594, Sonatz for Flute and Organ in E major, BWV 1035 and Sonata for Flute and Harpsichord in B minor, BWV 1030; 7,30pm; Apr 27

Komische Oper Tel: 49-30-202600 Die Entführung aus dem Serail: by Mozart. Conducted by Shao-Chia Li and performed by the Komische Oper. Soloists include Johnson, Korovina, Rühmann and Conrad; 7pm; Apr 26

BIRMINGHAM

CONCERT Symphony Hall

Tel: 44-121-2123333 The Japan Philharmonic Orchestra: with conductor Jun'ichi Hirokami and planist Andrei Gavrilov perform works by Mozart, Rachmaninov and De Falla; 8pm;

BONN Beethovenin

CONCERT Tel: 49-228-631321

respirator de la proposición de la completa de la proposición de la proposición de la proposición de la completa La proposición de la

 Ensemble Florilegium; and cellist Pleter Wispelwey perform music by Von Potter and Haydn; 8pm; Apr 27 **OPERA**

ingly, on a spiral. His costumes without fuss, are perfectly in period and in character. All the actors hold

the eye well. And this Tartuffe is, as

it should be, funny.
The word "style", in the lazy sense

which people often use it to denote

an alluring surface impression, is what this Turtuffe - and, again, the

majority of Almeida productions - is

all about. The accomplishment of

the actors, the visual and aural

attractions of everything, the fluent and communicative pacing of the

action, the vividness of characterisa-

tion: all these bonour the best British traditions of theatre as few other

So I am reluctant to admit that I

find this Tartuffe lightweight. It passes happily and, having passed, leaves no trace in the mind. What

this means is that the Kent/Almeida

conception of style is here, as often

enough in other productions, too

houses and productions do today.

Oper der Stadt Bonn

 Fidelio: by Beethoven.
 Conducted by Steven Sloane and performed by the Oper der Stadt Bonn. Soloists include Kathleen McCatla and Alex Steblianko; 8pm; Apr 26

■ DUBLIN

CONCERT National Concert Hall - Geoláras **Náisiúnta** Tel: 353-1-6711888 David O'Doherty and Deborah Kelleher: the violinist and planist perform works by R. Schumann, J.S. Bach and Ravel; 1.05pm; Apr 26

■ EDINBURGH

EXHIBITION Scottish National Gallery of

Modern Art Tel: 44-131-5568921 ● The British Art Show 4: the Gallery of Modern Art is one of the seven venues in Edinburgh hosting this exhibition, presenting around 100 works by 26 contemporary British artists. The display features work in a variety of media, including painting and sculpture, but also gives prominence to the current interest in video projection, sound-based work and film installation: to Apr 28

GENOA OPERA

Teatro Carlo Felice Tel: 39-10-589329 L'Italiana in Algeri: by Rossini. Conducted by Yoram David and performed by the Teatro Carlo Felice. Soloists include Sonia Ganassi, Ruggero Raimondi, Bruce Ford and Bruno Pratico; 8.30pm; Apr 27 (4pm), 28 (3.30pm), 30; May

CONCERT Nouveau Siècle

as theatre.

Tel: 33-20 12 82 40 Premières Rencontres Internationales de piano Robert Casadesus: with conductor Reynald Glovaninetti and the Orchestre National de Lille. Soloists include the pianists Glovanni Bellucci, Evelina Borbel and Phillipe Giusiano. The programme includes works by Mozert, Liszt, Saint-Saens and Chopin; 8.30pm; Apr 26

■ LONDON

Tel: 44-171-8360111

THEATRE

CONCERT Barbican Hall Tel: 44-171-6388891 The London Soloists Chamber Orchestra: with conductor David Josefowitz, soprano Jeni Bern, tenor Mark Milhofer, baritone Giles Davies, and pianists Dennis Lee and Chee-Hung Toh perform works by Mozart, Saint-Saëns and Prokofiev; 7.30pm; Apr 26 OPERA London Coliseum

 Orfec: by Monteverdi. Conducted by Nicholas Kok and performed by OPERA the English National Opera. Soloists Théâtre du Châtelet include Guy de Mey, Sarah Connolly and Nerys Jones; 7.30pm; Apr 26 Tel: 33-1 42 33 00 00 Elektra: by R. Strauss. performed by the Deutsche **Barbican Theatre** Staatsoper Berlin, Soloists include Tel: 44-171-6388891

• The Taming of the Shrew: by Shakespeare. Directed by Gale Edwards and performed by the Royal Shakespeare Company. The cast includes Josle Lawrence; 7.15pm; Apr 26, 27 (also 2pm), 29,

■ NEW YORK CONCERT

Carnegie Hall Tel: 1-212-247-7800 Orchestra of St. Luke's: with conductor Roberto Abbado and planist John Browning perform works by Bartók, Mozart and R. Schumann; 8pm; Apr 27 **OPERA** Metropolitan Opera House

Tel: 1-212-362-6000 La Bohème: by Puccini. Conducted by Simone Young and performed by the Metropolitan Opera, Soloists include Angela Gheorghiu, Karita Mattila and Roberto Alagna; 0.30pm; Apr 27

PARIS EXHIBITION

Centre Georges Pompidou Tel: 33-1-44 78 12 33 ● La Design Japonais 1950-1995: exhibition focusing on the contribution of Japan to contemporary design. The display also shows the changes the Japanese way of life and technology have gone through over the last few decades; to Apr 29

Conducted by Daniel Barenboim and

Deborah Polaski, Falk Struckmann, Reiner Goldberg and Gerd Wolf; 7.30pm: Apr 26

■ STOCKHOLM OPERA

Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300 Aida; by Verdi. Conducted by Maurizio Barbacini and performed by the Royal Swedish Opera. Soloists include Anders Lorentzson, Pauletta de Vaughn and Jerker Arvidson; 7pm; Apr 26

■ THE HAGUE FESTIVAL

Haags Gemeentemuseum Tel: 31-70-3381111 10.00 World Wide Video Festival: 14th

edition of this international festival. featuring more than 150 videos. CD-Roms, CD-i and Internet productions. Also 15 Installations are displayed, including works by Irit Batsry, Beth B, Henning Lohner and Fabrizio Plessi; from Apr 27 to Jun 2

■ VIENNA

CONCERT Konzerthaus Tel: 43-1-7121211 Diana Vizvary and Raluca Stirbat: the pianists perform Brahms' Variations, Op.21, Fantasies, Op.116 and Sonata in F sharp minor, Op.2; 7.30pm; Apr 26

Listing compiled and supplied by ArtBase The International Arts Database, Amsterdam, The Netherlands, Copyright 1996, All rights reserved. Tel: 31 20 664 6441

WORLD SERVICE BBC for Europe can be received in western Europe on medium wave 648 kHZ

EUROPEAN CABLE AND SATELLITE **BUSINESS TV** (Central European Time)

MONDAY TO FRIDAY NBC/Super Channel:

FT Business Moming

European Money Wheel Nonstop live coverage until 15.00 of European business and the financial

17.30 Financial Times Business

Tonight CNBC:

markets

09.00 Sauawk Box

10.00 European Money Wheel

Financial Times Business Tonight



Samuel Brittan

the league - its recent defla-

tionary experiences came too

late to affect the comparisons

- but the UK tied with Ger-

Accordingly, and with the

indispensable help of Keith

Fray of the Financial Times

statistics department, I have tried to replicate the estimates

of both the Labour party and

the government. Contrary to

what extreme cynics might

suppose, they are both honest

pieces of workmanship. But

the politicians who inspired

them were obviously inter-

ested in comparisons which

showed British performance in respectively the worst and

The Labour advertisement

ranked countries by gross

domestic product per capita

measured at exchange rates

adjusted for purchasing power

parity - but without indicat-ing how large the differences

were. The estimates we

obtained from the OECD cor-

responded closely to Labour's.

the 16th and 17th countries on

Two growth leagues

124.5

GDP per capita

Belgium

France

The main difference is that

many for second place.

Comparisons are odious

The art of exploiting economic league tables for political purposes lies in the choice of indicator, period of years and countries under examination

Most advanced industrial countries enjoy similar advantages and face similar prob-lems. Yet instead of confronting the latter boldly, politicians have an inveterate habit of focusing on small differences between one country and another and claiming that these are what matter.

The countries of the European Union, for instance, are plagued by a common problem of high unemployment and under-used human resources. Whether one country has a slightly higher or lower unemployment percentage than another is much less important - and is in any case very hard to determine even after the best efforts of international statisticians

Yet international economic league tables are still popular with politicians. They were first made fashionable by Harold Wilson in his days as Labour financial spokesman in the late 1950s. During the more rapid changes of government in the 1960s and 1970s a little less was heard of them. But they came back in the long boom of the 1980s, when they were used by the Thatcher government. Now Labour has taken up these

tables again. At the end of last year the party published an advertise-ment entitled World Prosperity League in which the UK was ranked as 18th. The caption said "If you'd slumped to 18th, wouldn't you get new management?" The remedies suggested were the expected mix of New and Old Labour. In a Commons speech Mr Kenneth Clarke, the chancellor, retaliated with another league table provided by the Treasury. This showed the growth performance between 1981 and 1993 of a smaller number of countries, the Group of Seven leading industrial nations. Using estimates by the Organisation for Economic Co-operation and Development, it compared the low point of the earlier business cycle with the low point of the recent one. The results were more reassuring. Japan led

Labour's list, Hong Kong and Singapore, are not included as they do not belong to the OECD. But it is not worth quibbling over the matter. Who would want the repressive Singapore style of government for the sake of one or two dubious points on GDP? Or live like Hong Kong in the knowledge of an imminent takeover by the Chinese communists? In addition the full OECD list includes countries such as Turkey, Mexico and Greece which are still emerging economies. They contributed to the tail-end of the league, which Labour - quite legitimately - cut off.

It does not help the government if we follow the Clarke route and confine ourselves to the G7. For the UK comes out bottom of the G7, behind Italy which overtook the UK when its statisticians found a way of incorporating the black econ-– an achievement known as "il sorpasso".

There are some puzzles in the GDP table. For instance Luxembourg emerges with a

Real GDP per capit

Turkey

Norway

Belglum

Australia

France

1.0 Greece
1.0 N.Zealand
1.0 N.Zealand
1.0 Switz
1.0 Switz
1.0 Swetzn

-0.8 ____ Mex.

1.9: G7 av.

Germany

23 Portugal

average annual growth rate 1981-93, (%)

much higher national income level than the US. The Grand Duchy is indeed a green and pleasant land (when the sun shines). But how much of its GDP is accounted for by the disproportionate number of **European Union institutions** and their personnel there and by German banks taking advantage of the looser regulatory regime? One also wonders if Austria really has a higher GDP per

head than Germany and Italy, or a higher one than the Netherlands. But to push these questions is to put more weight on them than they can bear. The large EU countries are within an index range of 100 to 111.5, which puts them largely in the same ball park. If, however, we follow the UK chancellor and turn our attention to rates of change.

his estimates are also validated. There is a very slight difference in that Germany registered 2.1 per cent growth in the OECD estimates we obtained, compared with the chancellor's 2.0 per cent. But this tiny discrepancy may well be a matter of rounding or revisions. In any case Germany's very sluggish recovery will by now have reduced its average long-run growth rate

to Britain's rate, if not below. it is the addition of more countries which really makes the British growth rate less impressive than in Mr Clarke's account. The UK growth rate was indeed higher than the European Union average and slightly higher than the average of the G7. But the inclusion of countries such as Ireland, Turkey. Portugal and Spain takes the UK down to ninth place in a league table of 25.

Here perhaps is the root of the matter. The countries which have grown most rapidly are those which have rather low absolute levels of GDP per head and therefore the greatest opportunities for catching up. The US, with the second highest per capita GDP, is below the middle of the growth league. Ireland which is well down near the

bottom of the GDP per head league, experienced the highest growth rate of all.

Portugal and Turkey, which have very low per capita GDP levels, are now high in the growth league. The UK has been a less extreme example of such catching up. But, with the lowest GDP per head of the G7, it has had ample opportunities, some of which it has used. (It fell behind on the Labour computation partly because of the differing

starting point.)
But let us not exaggerate. Even if the US were to stop growing altogether, it would take Britain about 15 years to catch up on GDP per head. Given actual growth rates, the catch-up process could take virtually a century.

These are of course only ten-dencies. Relative starting points do not explain everything. The blessed Luxembourg is near the top of the growth league as well as at the top of the GDP league. So is Japan; but that simply shows the folly of basic conclusions on comparative statistical studies which cannot really take in the record of the very latest years.

The serious discussion is not about the league tables. It is on whether Britain under the Thatcher government made significant inroads into union power, made labour markets more flexible and weakened the benefit culture - matters that other European countries have still to tackle. Labour is entitled to reply that any such gains were made at the expense of a shift to an American style labour market. This it is said, not only squeezed the position of the poor, but increased anxiety all round and weakened the trust and loyalty necessary for

long-term performance.
These matters need more than the space of an Economic Viewpoint for a proper airing. But by this stage the reader will hardly need to be told that my vote will not be decided by the league tables or even by economic issues at

BOOK REVIEW Robert Peston

WHAT NEEDS TO CHANGE, New Visions for Britain Edited by Giles Radice HarperCollins, £14.99

The way out of a political vacuum



over the leader-ship of the Labour party almost two years ago. He has ditched much of the ideological baggage which made the party unelectable in the 1980s and enters what may turn out to be the longest general election campaign in history - with votes cast possibly as late as next spring - well ahead in the opinion polls.

But as Newcastle United football club knows well, an apparently decisive lead early in the season can evaporate. The Conservative party is a formidable election-winning machine and in the campaign's closing stages it will launch an advertising blitz designed to reawaken the atavistic fear among many voters that Labour is the party of high tax and interfering government.

Mr Blair has pre-empted the negative campaigning by redefining his party in terms of what it is NOT. It is NOT controlled by the unions any longer. It is NOT the enemy of business. It does NOT believe in high taxes or high public spending. It is NOT on the left. This approach has been cou-pled with ruthless control of the statements made by himself and the shadow cabinet. There should be no hint of dis-unity and no departure from agreed party policy.

As a result, newspapers and television have become obsessed with the mechanics of policy-making rather than the policies themselves. And there is a widespread perception that his shadow cabinet colleagues are less important than his media advisers, such as Alastair Campbell, his press secretary, and Peter Mandelson, Mr

Blair's eminence grise. This autocratic approach may therefore be self-defeating. Any departure from published policies is immediately seized on by journalists and pres-

or evidence of some sort of crisis at the top of the party. It is also a problem in a second sense. Without a proper public debate, the party cannot hope to excite the electorate with a positive vision or win the battle of ideas.

Mr Blair is aware of the problem. "One of the most corrosive aspects of political debate is the use of negative campaigning which makes a rational discussion of serious issues difficult," he writes in the introduction to this collection of essays by journalists, politicians, academics and business people offering policy prescriptions for a new Labour government. "If somebody connected with the Labour party writes or says something controversial then the Tories will misrepresent it, especially during the election campaign, as

Labour party policy."
The contributors are a disparate bunch - many of them not avowed Labour supporters. They include Charles Handy, the management guru, David Sainsbury, the chairman of the supermarket chain, Stephen Tumim, the former chief inspector of prisons, Peter Hennessy, the politics professor and Whitehall historian, and Geoff Mulgan, director of Demos, the think-tank, and doyen of the younger generation of policy wonks.

Perhaps surprisingly, there is a consensus about problems and cures. Disillusionment with politics and economic insecurity are the common themes. One remedy that runs through the collection is constitutional reform based on notions of subsidiarity, devolution and federalism, to give the electorate a greater sense that it has a voice. Another is an overhaul of the social security system to take account of the growth of part-time working, early retirement and the recurrence for many people of temporary periods of unemployment. Such reform would also

ing number of those with none. discouraged from entering the workforce by the fear of losing benefit entitlements.

But if the book has a big idea, it is education and the opportunities for long-distance learning and personal tuition offered by harnessing information technology. A chapter combining idealism and practical recommendations is by Tim Brighouse, Birmingham's chief education officer. His blueprint for leapfrogging other countries' education systems is based on forming partnerships between different schools and between schools and parents, in

However the book does not get to grips with the question of the cost of change. The authors generally eschew any plan with massive public mending implications, presumably knowing full well that Mr Blair would throw it out. But there are plenty of ideas which would circumscribe personal and corporate liberty in the interests of "social cohesion".

Mr Blair remains vague on costs. He is unwilling to commit his party to higher tax rates and additional pensions contributions or to compelling companies to act in the interests of employees as well as

This vacuum in a sense indicates the extent to which the Tories are still setting the agenda. In the 1980s, voters were enraptured by individualism. Mr Blair still cannot be confident - in an atmosphere of disillusionment with all political parties - that they will now opt for a party which says that individual rights are matched by legally enforceable duties. This book, with its healthy mixture of utopianism and practical advice, may help to build that confidence.

What Needs to Change is anailable from FT Bookshop by ringing FreeCall 0500 418 419 (UK) seek to end the permicious divi-sion between families with two UR). Free p&p in UK or +44 181 964 1251 (outside the . .

Ernst & Young International

is pleased to announce the selection of

S.R. Batliboi & Co.

as its sole member firm in India

- Effective April 1 1996 S.R. Batliboi & Co. is the sole member firm of Ernst & Young in India. Associated with Ernst & Young since 1942, S.R. Batliboi & Co. have clearly demonstrated their ability to help clients strengthen their businesses.
- The complementary strengths of the two organisations in terms of Ernst & Young's international expertise and the outstanding network of S.R. Batliboi & Co.'s relationships and resources will provide clients with unparalleled service and support.
- India is quite clearly one of the world's largest markets for expansion and growth. Together, Ernst & Young and S.R. Batliboi & Co. in India will continue to deliver the value clients care about.
- For further information, please contact Richard Findlater, Ernst & Young International, c/o Becket House, I Lambeth Palace Road, London SEI 7EU. Telephone: 0171 928 2000.



·LETTERS TO THE EDITOR·

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). e.mail: letters editor@fi.com Translation may be available for letters written in the main international languages.

Case for a museum of architecture

From Mr Jeffrey Jahns. Sir, Your article concerning the exhibition of work of British architects at the Art Institute of Chicago closed by lamenting the lack of a museum space devoted to Chicago architecture ("Britain's finest pose challenge for Chicago", April 9). There are spaces that are

devoted to this subject, namely the Chicago Cultural Center's architecture galleries and the Chicago Architecture Foundation Gallery, but a case can be made for significant

space dedicated to a permanent

exhibition on that subject. In the meantime, Chicagoans and visitors will have to limit themselves to the originals. The Chicago Architecture Foundation, located in the Burnham-designed Santa Fe Building (Railway Exchange) across Michigan Avenue from the Art Institute, offers more than 50 regularly scheduled architecture tours (some three times a day), with scores of special tours in addition. More than 100,000 participants are served by these tours each year. Indeed, one of the mottoes of the Chicago Architecture Foundation is "The city is our museum". No visitor will go unsatiated by

Jeffrey Jahns, trustee, Chicago Architecture Foundation, 55 East Monroe Street, Suite 4200, Chicago, Illinois 60603, US

these walking (or bus, "El".

bicycle or boat) tours

Route for Berlusconi to quit politics

From Dom Serafini. Sir, Your analysis on the Italian election results ("Beneath the olive tree", April 23) is right on target, but not wholly accurate. If Massimo D'Alema, who runs the leftist PDS, could have proposed earlier the TV reform plan that only recently he was able to advance, Silvio Berlusconi's conflict of interest could have been solved a year ago.

Privatisation of state-owned telecommunications enterprises will contribute to getting Berlusconi out of politice

Once D'Alema has taken the necessary steps to protect Berlusconi's media empire Berlusconi will bid farewell to politics for a chance to bid for parts of the state telecommunications group, including telephony and cable.

also allow Berlusconi to give up his third TV network (it inflates his commercial time inventory without properly amortising his programme library) and will revitalise RAL

Dom Serafini. editor. Video Age International, 216 East 75 Street, New York, NY 10021, US

Out of touch with French economic reality

From Mr Don Montague. Sir, Stephen Bazen and Mark Taylor, economists writing from an ivory tower in Bordeaux University (Letters. April 6), seem curiously out of

touch with economic realities. The "minimum wage" in France is le SMIC hornire. defined as an hourly rate of FFr36.98. According to them, fewer people (8 per cent) earned the minimum in 1994 compared with 1989 (12 per cent), but what does this mean? Between 1989 and 1994 the SMIC rose considerably, and the number of unemployed changed. Perhaps Bazen and Taylor should have consulted L'Institut de Tripotage. In a recent report, it pointed out that if the minimum wage you can pay a part-time gardener in France is FFr36.98 an hour. plus nearly 80 per cent compulsory social security

worked in France also

and the number of hours they

(Le. nearly £9 an hour), not many people are likely to employ them other than "on the black". The fact that there are tax

employing gardeners and home

allowances for the cost of

contributions and holiday pay

helps is little encouragement to the majority of the French, who are not liable to income tax anyway. In the real world, if the minimum cost of hiring someone is set high enough most potential employers will

leave the job undone, do it

themselves, or try to find someone to do it on the black

at a lower rate. I do my own gardening. Don Montague. Les Arbres, Seres-et-Montguyard, 24500 Eymet.

Dordogne, France

Hard to alter pension pattern in Germany

From Mr Norman Bernard. Sir, Your otherwise excellent article "The storm on the horizon" (April 9) skated over the third arm of pension provision in Germany, the book reserves held on companies' balance sheets. The firewalling and the actual level of these reserves are increasingly looking

inadequate for the employees but moves towards externally funded schemes are rare. We highlighted this in research we carried out with AMP (Asset Management) looking at corporate pension provision in Germany, Netherlands and the

Corporations benefit from the tax shelter and cheap

the Home Office, to the

Glidewell Panel and to MPs

captive funding. It will take strong measures to make them hand the cash over to external

Norman Bernard. director, First Consulting. Vigilant House, 120 Wilton Road London SW1V 1JZ, UK

No satisfactory way to amend clause in UK asylum bill

From Mr Sukhdev Sharma. Sir, it was extremely beartening that the Financial Times, alone among the major broadsheets, reported ("Plans for immigration changes attacked", April 17) the findings of the Glidewell Panel on the Asylum and Immigration Bill, followed by a leading article ("Whitelisting", April 18) which called upon the House of Lords to defeat this measure. The vote in the

House of Lords on Tuesday

night was, perhaps, a first step towards this.

When you reported the government's response to the Glidewell Panel's strong criticisms of the bill, you included a comment from the Home Office that the Commission for Racial Equality is assisting the government in planning the implementation of the employment provisions. The commission has stated

clearly and unequivocally to

and peers, our opposition to the proposals in the Bill to make it a criminal offence to employ certain groups of "immigrants". We do not believe the clause in question can be amended or diluted in any way which will prevent it from increasing the barriers to employment for ethnic minorities

If, however, parliament enacts the bill with such a provision, then we would have a duty to advise the government as to how to minimise its discriminatory impact. To this end, we are giving preliminary consideration as to how this can be done.

Sukhdev Sharma. Commission for Racial Equality, Elliot House 10-12 Allington Street, London SWIE 5KH, UK

المكذا من الأصل

Japan's leading trading companies: the focus on Asian markets

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Thursday April 25 1996

Shockwaves for the MMC

Yesterday's decision by Mr Ian Lang, trade and industry secretary, to block two proposed takeovers in the electricity industry is one of the most momentous events in the history of UK competition policy. His decision is both bold and right. It will also have enormous effect on the industry's structure and ownership. Even more important, in rejecting the view of the Monopolies and Mergers Commission that the deals should be approved, subject to several conditions, Mr Lang has cast the role and competence of that body into question.

The bids by PowerGen for Midlands Electricity and by National Power for Southern Electric have been the most controversial in the wave of electricity takeovers. They would have integrated the large generators with regional dis-tribution monopolies. There was concern that this could push up prices to customers and undermine competition in generation.

In taking the decision, the first time the government has blocked the takeover of a regional power company, Mr Lang said that the Office of Fair Trading and Offer, the industry regulator, had recommended the bids be blocked, as had one member of the five-person commission panel.

Mr Lang said that he did not regard vertical integration as necessarily damaging. But at this stage of the industry's development, the deals would be against the public interest, for reasons identified by the commission.

One concern is that the deals could make entry by independent generators and suppliers more dif-ficult. The takeovers, the commission says, would reduce the market for hedging supply contracts between generators and suppliers, and so expose them to greater financial risk than at present.

Questionable belief

The commission dismisses the widespread concern that a vertically integrated distributor would pass through higher generating competition in generation is sufficient to prevent this occurring is questionable. But it does accept perhaps the most important concern: that the deals would make the regulator's job of supervising

subsidies far more difficult. Its suggested conditions - in particular, giving the regulator extra powers to monitor distribution do not answer that worry.

For those reasons, Mr Lang has made the right decision. He is also right that the growth of competition in generation should remove some of the concerns. However, the difficulties in ring-fencing distribution and in securing the regulator's access to information will remain; he may therefore have been rash to imply that such deals may eventually be harmless.

Different path

The industry's restructuring will now continue on a different path. In particular, the way is now open for foreign takeovers of the generators; National Power is being pursued by the US utility Southern Company. Mr Lang is to be commended for not letting the political sensitivity of foreign bids affect his judgment.

He should now turn his attention to the commission. The government has already mooted a radical overhaul of the UK's com-petition policy and authorities in an intelligent and ambitious consultation paper last month. If the legislative timetable permits no progress on these measures, as seems likely, Mr Lang should tackle the commission's shortcomings directly.

The central flaw revealed by this episode is the pro-business instincts which MMC panels sometimes display, in putting the interests of "national champions" above those of consumers. The commission's chairman, Mr Graeme Odgers, who chaired this panel, has made clear his sympathy for the view that a large share of the domestic market can help a company compete abroad.

Commission panels should be comprised of people capable of assessing the complex issues of economics, law and public policy on which recommendations turn. They should recognise precedents by previous panels. For Mi Odgers part, this debacle should prompt him to reconsider his apparently lukewarm interest in stimulating competition. He should reaffirm his commitment to that principle.

Germany turns to tri-apartism

finding a consensual route out of Germany's economic crisis. A few months ago it looked as though he might find one. But those hopes

are fading fast. Back in February, Mr Kohl's ability to broker a deal between employers and unions on the vexed question of pension reform was hailed as a sign of more to come. Against the odds, Germany's social partners could still resolve their differences when the long-term health of the economy depended on it.

The collapse, late on Tuesday night, of the most recent round of tripartite talks, aimed at agreeing urgently needed public spending cuts and at reforming workers' rights, puts this rosy outcome in loubt. Mr Kohl will do all he can to keep the three legs of the tripartite stool together, but both the trade unions and the employers seem increasingly determined to

go their own way.

Mr Hans-Olaf Henkel, president
of the Federation of German Industry (BDD, does not speak for all employers when he decries, in today's FT, Mr Kohl's attempted consensus-building as a waste of time. Other employer associations, whose members spend more time actually bargaining with unions social partnership over opposition. Yet there is no denying the shift in Mr Henkel's direction in recent

Deeper structural forces Large numbers of small and increasingly been looking for informal - not to say illegal ways to tackle uncompetitive labour costs, if the economy continues to perform poorly, many others are likely to follow suit. True, tripartism might come back into layour among employers if, as the Bundesbank suggested vesterday in its annual report, the economy revives in the second half of the year. But, as is true of the economy more generally, there are desper structural forces pushing employers to change their ways. The trude unions' traditional,

constitutionally guaranteed, role

in corporate decisions was predi-

Chancellor Helmut Kohl has cated on managers serving interstaked his political reputation on ests other than those of shareholders. This, in turn, was possible as long as Germany's bank-dominated system of patient ownership survived. But, increasingly, corporate leaders and investors are urging a greater focus on "shareholder value".

Germany's vaunted "stakeholder" system of corporate governance will not be overturned overnight. But a raft of small and large companies, including Daimler-Benz and Deutsche Bank are introducing executive share-ontion schemes. In theory at least, these would ally managers' interests more closely to shareholders' and by implication, divide them fur-ther from the interests of workers on the shopfloor.

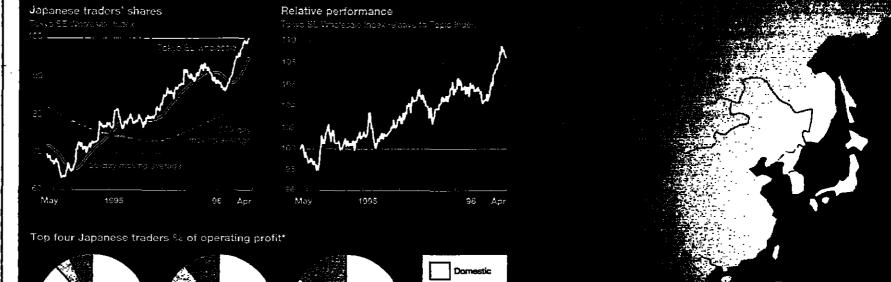
Consensual tradition

The unions are unlikely to take any of this lying down. Yet, to judge by events of the past few days, they too may bypass the old tripartite structure in defending their position. In the wake of Tuesday's failed discussions at the Chancellery, several union leaders have been wondering aloud whether they should bother going to such meetings any more.

In their view, Mr Kohl's apparent decision to take the employers' side was a betrayal, not merely of the unions, but of the consensual tradition. Public sector unions are similarly outraged by the government's proposal for a wage freeze in the public sector pay negotiations, which begin

Mr Kohl cannot afford to give in to the unions on either front. His hopes of Germany qualifying for monetary union rest on his finding a way to plug a DM75bn (£33bn) hole in next year's budget. of which DM20bn is to come from the freeze on public sector pay.

Against a backdrop of meagre private sector wage growth and 4m unemployed, the unions may decide they have little to gain from taking to the streets to defend a pay rise for the most secure members of the German workforce. That, at least, must be Mr Rohl's hope. But the cracks in the tripartite system revealed this week will be increasingly difficult for even him to paper over.



A foot in east Asia's doors

Japanese trading companies are moving away from their traditional business and looking to their neighbours, says William Dawkins

apan's general trading com-panies, only recently derided by western competitors as sleepy giants, are quietly but effectively staking their claims to the fast-growing emerging markets of Asia. In common with other sectors of

the Japanese economy, they have sought to reinvent themselves in recent years and are trying to move away from the low-margin, exportimport business of the past.

Hardened by five years of falling sales and stagnant or declining profits, they are becoming nimbler and more entrepreneurial organisations, merchant Samurai taking on new activities from project finance to joint-venture manufacturing.

The Japanese traders' newfound iveness is focused above all on their own neighbourhood. They are leading the exodus of Japanese industry into lower-cost locations in contribution to the economic development of such countries as China. Burma and Vietnam. They bring with them the philosophy behind Japan's mixed economy, with its flexible balance between state guidance and market forces.

The profitability of the Japanese traders' Asian assault is as yet unproven, and they still earn most of their profits from their hundrum domestic operations. But their activities will shape the region's

"Formerly our business was to export and import from the Japanese market. But now that Japan is growing more slowly, we are looking to supply emerging markets in Asia. We have to diversify, otherwise we cannot survive," says Mr Akinori Seki, strategic manager for Marubeni. The group was once a specialised textiles trader, but is now expanding into Chinese oil exploration and Burmese steelmaking.

"We have learned that it is no longer enough to be mere intermediaries. We must also be manufacturers, investors and developers of natural resources," says Mr Hiroshi

Matsushima, general manager of used to get their feet into doors planning for Sumitomo Corpora-

The traders began in the 17th century as simple export-import businesses, earning thin margins on high volumes. They started to change strategy, in search of profits rather than sales growth, in the early 1980s and the process has been accelerated in recent years by the need to compensate for recession at home.

Mr Jason James, an equity strategist at James Capel Pacific, says the shares of the trading companies are valued largely for their new, diversified investments, not for their core trading business. "Some of them are beginning to look like conglomerates, or almost investment banks, rather than traders," he says. Trading companies' share prices have on average risen 61 per cent since hitting a trough last

whole over the same period. The activities of Mitsui, one of the top two traders, are typical of the new flair that has begun to attract stock market investors. It has just started making steel bars in Viet-nam and will next year open what will be the largest plastics plant in that country. Both projects are contained in a master plan for indus-trial policy, drawn up for the Vietnamese government four years ago by none other than Mitsui.

Itochu, the trading company with the largest exposure in China, late last year put together a takeover which enabled Japan's Asahi Breweries to become China's largest brewer. The deal originated at a party, when canny Itochu executives learned that their host - the owner of an Indonesian conglomerate - wanted to sell his stake in a Chinese brewing company.

These deals are typical of the new kind of business being done by Jap-anese trading companies throughout Asia. During the decade to 1994 turnover from non-trading activities rose from a few per cent of total sales to one fifth. The techniques the traders have

across east Asia are as varied as the region's economies. But they share a common theme. In most cases, the traders have sought to squeeze more out of existing assets, such as the intelligence gathered by their vast sales networks, under-used finance departments, and links with banks and industrial companies which are fellow members of their individual keiretsu, the diversified Japanese corporate families. "We have 155 subsidiaries, each with tremendous local market expertise. The big question is how to utilise this now that Japanese production

The most common strategy, followed by all Japan's traders, is to form joint manufacturing ventures with Asian public-sector companies or private investors, often overseas Chinese. The traders will supply materials to the new co whether it be a Chinese toy manufacturer or Indonesian ethylene plant, and then distribute the finished goods.

ll have been quickly building joint ventures across the region. Itochu, for example, has doubled its Asian joint ventures over the past five years to 350, of which 180 are in China. Mitsubishi Corporation opened 30 projects in China last year, bringing the total to 90. Most of those are geared to supplying Asian markets, rather than selling back to Japan as would have been the case in the past, says Mr Toyokazu Masuda, Mitsubishi's general manager for

Another method of making money has been the establishment of investment funds, in which the trading company will place its own cash alongside Asian corporate investors. They aim to make capital gains from buying and selling stakes in businesses, as well as exploit relationships with the target companies to help obtain conventional trading contracts.

ing unit last April, partly inspired by the wish to repeat elsewhere the Y17.6bn capital gain it netted from the sale of a stake in a US graphite electrodes business the previous year. The group launched an Asian venture-capital fund at the turn of the year, an example followed in the region by Mitsui, Marubeni and Sumitomo. The actual sums invested so far are very small. But the aim, says Mr Takeshi Kadota, deputy general manager of Mitsubishi's merchant banking department, is to add value by seeking alliances is no longer competitive," says Sumitomo's Mr Matsushima. with members of the group, as well as go for capital gain.

Infrastructure development is another of the traders' new fields. Like other investors in emerging economies, Japan's traders have often found that poor distribution and erratic power have hampered host countries to bring infrastructure up to scratch, they have done it on a small scale themselves, by building industrial parks and distribution facilities, tenanted by Japanese industrial groups, often from

the same keiretsu. One of the first was a Mitsui industrial park north of Bangkok. the Thai capital, opened in the early 1980s. Its first big tenant was Toshiba, the electronics group which is part of the Mitsui keiretsu. Mitsui has since repeated the pattern in the Philippines and China, and has just received approval from the Burmese government for an industrial park near Rangoon. Similar parks. with distribution terminals attached, are dotted across east Asia, created by other traders including Marubeni, Sumitomo and Mitsubishi.

The traders are also trying an old technique used by industrial and construction companies in the emerging economies of Africa and Latin America in the 1980s. The technique, know as build-operatetransfer. is increasingly popular in Asia. It involves building a plant or road, retaining the right to operate

Mitsubishi led the way, with the it for a while, usually up to 30 establishment of a merchant bank-years, and then transferring it to the host country at the end of the contract. This makes the project more affordable for cash-strapped governments and, in the case of power plants, compensates for shortages of local skills. Marubeni is the first Japanese

trader to have tried this in Asia. with a power plant in the Philippines five years ago and is working on a project to build a plant in in Guangzhou. Nissho Iwai and Itochu are also becoming more active in

It is a risky field, since a government can easily be replaced during the life of a contract by one less friendly to foreign companies. Some countries such as Vietnam lack the legal framework to guarantee complex contracts. But, as Marubeni's Mr Seki points out, fainthearted bidders will only lose out to US compearea of US expertise.

All these techniques have required some traders to give local management an increasing amount of autonomy. This is a break with a previously centralised system in which regional managers were required to report in person to Tokyo, sometimes as often as once a month, to consult superiors. Nissho Iwai opened a regional headquar-ters in Bangkok 18 months ago, Marubeni is considering following suit, and Sumitomo is in the process of transferring authority for Asian investments from Tokyo to Singapore and Taiwan. The others have preferred to keep management power in Tokyo for the time being.

Japanese traders' Asian diversifications remain a small proportion of their activities. The top five companies still derive more than twothirds of their operating profits from their core Japanese exporting and importing business. Even so, they have quickly

emerged as a force to be reckoned with in Asia's emerging markets and as such will influence the economic development of the world's

OBSERVER

Big hitters bowled out

■ CS First Boston naturally wanted to put its best foot forward in bidding to advise the Hungarian government on the privatisation of dagyar Hitelbank, Hungary's largest commercial bank. So it rolled out its big hitters ~ David Mulford and lan Molson, the chairman of its European operations and the co-head of investment banking. Big mistake. Mulford, US

Treasury under-secretary of international affairs in the Bush administration, is a US citizen. And Molson, though he has spent most of his adult life in London, is by nationality Canadian, a scion of that country's Molson brewing

So what? Modern investment banks are increasingly international organisations, Try telling that to the officials running Phare, the EU aid programme financing the advisory work. They are about to disqualify CS First Boston from the Hitelbank tender because Mulford and Molson are not EU citizens.

Wrong, I guess

Nothing is ever as it seems in Russia; the pervasive sense of unreality is all the greater concerning the death of Dzhokhar Dudayev, the rebel Chechen leader. Moscow is now full of conspiracy theories. One of the more persistent says reports of Dudayev's death are exaggerated; he will soon re-emerge as the personification of indestructible

Chechen resistance. Another suggests he had simply lost the will to fight, and was creating a smokescreen to flee the country. Yet another argues that the Russian authorities, previously so inept at apprehending the country's leading "bandit", had assassinated Dudayev to accelerate the peace process before June's presidential elections. The Kremlin seems to believe that other Chechen leaders will prove less recalcitrant. Of course, Russia being Russia,

we will perhaps never know the full truth. The trouble with even the most convincing conspiracy theories is they assume a degree of planning and execution so conspicuously absent in all other aspects of Russian life. Observer tends towards a more universal - if prosaic - explanation of Dudayev's probable death: wrong time, wrong place.

Movie windmill

■ A 30-year quest for a dream team of actors fitted to the starring roles in a film adaptation of the Cervantes masterniece. Don Quixote, seems over. John Cleese has reportedly agreed to take the

title role while Robin Williams, box office draw par excellence, has agreed to tag along behind as Sancho Panza.

The screenplay has been kicking around Hollywood since it was completed in 1965 by the late Waldo Salt, the formerly blacklisted writer of the movie

Midnight Cowboy.

Previous proposed combinations have seen Williams teamed with Sean Connery, and in the mists of yesteryear, Richard Borton and Buddy Hackett. Resurrection of the Don Quixote script is probably little more than Tinseltown's belated awakening to the fact that the huge Hispanic market has tastes extending beyond thud-and-blunder specials.

Kiss and make up

■ There's not been much love lost between Beijing and Jardine Matheson in recent times. But the black sheep of Hong Kong business appears to be returning to the fold. Having been voted off the general committee of the Hong Kong General Chamber of Commerce a few years ago - a move widely seen as the result of its support for governor Chris Patten's democratic reforms ~ a top executive of the British trading Hong has been

voted back on board. The election of Anthony Nightingale, chairman of Jardine Pacific, the trading and distribution arm of Jardine

that politics could creep back on to the chamber's agenda, ahead of Hong Kong's return to China next year. But the Keswick family, which controls the empire, has launched what seems to be a moderately successful charm offensive towards Beijing. China's top official on Hong Kong affairs has been to lunch, and even

Matheson, has prompted concern

resurrect their Hong Kong listings. This still seems a distant prospect; but after the fleecing incurred with Trafalgar House, the group is once again nurturing its roots.

suggested that Jardines could

We're sick of beef ■ The mad cow crisis is taking its toll on UK citizens in more ways than one. Two officials from the UK government's Ministry of Agriculture returned to London at the end of Tuesday, much the worse for wear after a beef meeting

in Brussels. Not that they had been beaten up by irate Commission officials. or farmers from 14 other EU countries facing ruin because of Britain's beef problems. Much worse than that - they both had food poisoning, attributed to their airline meal, consumed en route

At least they couldn't blame British beef - no airlines on the route serve the stuff any

Financial Times

100 years ago War scare in Argentina

Mr. Walter Morrison, M.P., chairman of the Argentine Railway Company, said at the annual meeting in London: "The country suffers from the political position, and especially from the scare which has been going on for more than a year - the war scare, and fear as to whether there will or will not be war between the Argentine Republic and the Republic of Chili concerning the boundary between the two republics in the Andes. I have every hope that war will be averted, but in the meantime a great deal of money is being spent by both republics in the purchase of warlike stores, and this is a very severe burden upon their finances."

50 years ago Insurance control in France

The French Constituent Assembly has passed an Insurance Nationalisation Bill by 487 votes to 63. Among the principal provisions adopted by the Assembly were: (1) The Bill will enter into force on 1st July. (2) Compensation bonds received by present shareholders will bear 3 per cent gross interest. but in any case will equal dividends for 1944. (3) Eleven concerns including 34 companies to be nationalised



FINANCIAL TIMES

Thursday April 25 1996



Spanish parties close to deal to form government

Spain's centre-right Popular party yesterday moved closer to a long-awaited agreement with Cat-alan nationalists which would clear the way for its leader Mr José María Aznar to form a new government next week.

However, a final deal had not yet been struck at the end of seven hours of negotiations in

The expected agreement would provide Mr Aznar with the extra backing he needs for an outright majority in congress following the general election on March 3. Mr Rodrigo Rato, chief PP negotiator and likely to be in charge of economic policy in the new government, voiced opti-mism that an agreement could be announced "in the next few

The date for an investiture debate, which Mr Aznar needs to win approval for his political programme, is due to be set tomorrow. Expectations of a political settlement, ushering in a PP government after more than 13 years of Socialist rule, helped push up

UK block on

the bids but said the issue of ver-

tical integration had not been

resolved and repeated its call for

the whole electricity industry to

be referred to the competition

integrated electricity group not

Mrs Margaret Beckett, shadow

trade secretary, said: "The rejec-

tion of the MMC advice ... sup-

ports Labour's calls for reform of

Share prices fell across the

electricity sector. Southern Elec-

tric lost 79p to 824p, Midlands 40p

to 371p, National Power 32p to 564p and Powergen 36p to 570p.

indicated that it still intends to

Mr Michael McMahon, Impala

Platinum's chairman, accused

the commission of "ignoring com-

pelling evidence that this merger

was based on the soundest pro-

Anglo American was said to

have been angered by the Com-

mission's reference to its stake in

Lonrho, and repeated its state-

ment from last month that it was

"not its intention" to make a gen-

eral offer for the rest of Lonrho's

competitive rationale".

go ahead with its previously announced plans to demerge its

Platinum

Continued from Page 1

mining interests

the competition authorities."

much smaller than PowerGen.

power bids

Continued from Page 1

share prices yesterday. The Mad-rid general stock index closed at its highest level this year at 358.13, just short of its all-time

The parties met after the Catalan coalition Convergència i Unió challenged the PP to come up with improved proposals on regional financing and other

The PP, whose election victory left it 20 seats short of a majority in the 350-member congress, has secured support from four Canary Island deputies. The Catalan coalition, the largest regional grouping, has 16 seats. The PP has also been seeking an agreement with the five-seat Basque Nationalist party.

Negotiations with the Catalans stalled this week after a weekend meeting between Mr Aznar and Mr Jordi Pujol, regional president of Catalonia and CiU leader. However, it became clear yester-day that both sides - which share a free-market economic outlook and pro-European stance wanted to avoid prolonging the political stalemate beyond the end of the month.

The CiU is expected to ratify the agreement this weekend. Mr Pujol has sought concessions on regional issues to pla-cate Catalan nationalist voters, many of whom are hostile to the

PP. However, Catalan business circles have been anxious for an agreement enabling a PP government to press ahead with plans for further liberalisation of the economy and reduction of the public sector deficit.

Yesterday's negotiations centred on plans for implementing a new financing system for Spanish regions, transferring roadtraffic control to Catalonia's regional police, and abolishing central government appointed provincial "civil governors".

The financing system would increase regional governments' the share of income tax revenue from 15 to 30 per cent, giving them part of the responsibility for tax collection. The arrangement is expected to lead to a Pta300bn (\$2.4bn) increase in the funds available to the Catalan government over the next five years under the PP's latest com-

S Korea may ease labour laws to gain **OECD** admission

By John Burton in Secui City analysts said the decision to block the bids appeared to be Mr Kim Young-sam, the South at odds with the authorities' Korean president, vesterday indiapparent blessing for Hanson's cated that Seoul would revise its acquisition of plant from both National Power and PowerGen, admission to the Organisation for which will create a vertically Economic Co-operation and

> The tough curbs on trade unions have been widely criticised, and some OECD members have threatened to block Korea's scheduled admission to the club of industrial nations.

> "The OECD has no specific standards with respect to labour rights. However, it is relevant for members of the OECD to note that there are certain basic values shared by all member nations with respect to human rights. And labour rights are a part of human rights," said Mr Christian legal directorate, after meeting

> officials in Seoul this week. There has been strong resistance within the government to widespread labour reforms. The st worry among officials is that they might lead to renewed labour unrest, which has declined sharply in the 1990s due to better working conditions and a crackdown on strike activity. There were fewer than 100 strikes last year, compared with more than 3,000 in 1987, when the government eased its ban on the

> trade union movement. sure. Mr Kim yesterday announced the establishment of a presidential advisory committee

The excessively restrictive laws and institutions of the past must be ... revised in a way compatible with international standards and practices," he said.

However, it is uncertain whether the measure will satisfy OECD members since the committee's recommendations will not be released until late 1997. when Korea is scheduled to have already joined the organisation. Under the reforms, legal recognition would probably be granted to a new labour organisation, the Korea Confederation of Trade

sanctioned Federation of Korean Trade Unions. At issue are several crucial provisions of labour law, including: A prohibition on multiple denies workers the right to join the union of their choice.

Unions, which is considered more

militant than the government-

 A ban on the intervention of third parties in labour disputes. This law "has been used to justlfy criminal prosecution and imprisonment of union leaders for their speeches and statements supporting collective action by other unions", according to Washington-based Human Rights Watch/Asia.

 A prohibition on unions dona ting to political parties or participating in election campaigns.

Although trade unions represent only about 10 per cent of Korean workers, their member-ship is concentrated in the coun-

try's biggest companies.

FT WEATHER GUIDE

Solution nearer for obstacle to BT merger with C&W

merger between British Telecommunications and Cable and Wireless, the UK's two biggest telecoms companies, seemed to be moving closer to resolution last

RWE, the German industrial group with which BT proposed an alliance earlier this year, has revived contacts with other international telecoms operators because it fears it may have no future in the merged group,

sources say.

The alliance between BT and RWE has yet to be finalised. If the German company was to pull out, it could simplify matters for BT and C&W in Germany, where both companies have local alli-

BT is involved in a joint venture with Viag, a Munich-based industrial group, while C&W has a similar relationship with the Düsseldorf-based Veba. Veba is C&W's largest shareholder with a 10 per cent stake, which makes the situation particularly difficult

to unravel.
RWE, which has ambitions to become one of Germany's leading telecoms operators, has restarted talks with operators including Bell Atlantic and the Danish group Tele Danmark.

German telecoms analysts say that Veba is a more suitable German partner for a merged BT/ C&W. They also point out that an existing joint venture between BT and Viag, launched in January last year, has got off to a slower start than expected, generating sales of just DM115m (\$75.6m) last year. BT and C&W yesterday denied

knowledge of any change in RWE's attitude to the BT deal. BT said its relations with RWE and with Viag, which it bopes to tie into a three-way alliance, were strong. It said it was happy with the commercial perfor-mance of the venture with Viag. Veba, one of Germany's largest

groups, is known to be deter-mined not to be left out, whatever grouping might result from a merger between BT and C&W. It has discounted suggestions that it could be interested in buy C&W's UK telecoms operation. Speculation about future tele-

coms alliances in Germany is complicated by the fact that final bids have to be submitted this week for a 49 per cent stake in DBKom, the telecoms subsidiary of Deutsche Bahn, the federal railway network.

Viag is one of three German companies which has made it to the final round and, were it to win the DBKom stake, it would then have control over Germany's second biggest long-distance telecoms network making the possibility of a standalone alliance with RWE attrac-tive. RWE could not be reached last night for comment.

THE LEX COLUMN Splitting Siemens up

Siemens has not suffered the huge losses that have forced Daimler-Benz to overhaul its strategy. But that does not excuse Germany's other industrial titan from a radical rethink. Despite yesterday's 15 per cent rise in first-half profits, Siemens' return on capital is still in single figures. Part of the solution should be a demerger. The group would divide neatly into two: a hightech side comprising telecoms, semiconductors, computers and medical equipment; and a low-tech group embracing power plants, rail systems, capital goods and lighting. Splitting the two would increase focus and add pressure to perform by increasing visi-

Quite apart from such industrial advantages, a demerger could unlock huge shareholder value. With a market capitalisation of DM47bn (\$30.9bn) Siemens is valued at half expected 1996 sales. Motorola, which also makes semiconductors and telecoms equipment is valued at 1.8 times turnover. Siemens does not have Motorola's strength in sexy mobile communications; but if it can improve returns over the next few years, a valuation of one times sales should be achievable. Highly-valued paper would also give Siemens a valuable currency with which to acquire other high-tech businesses. Meanwhile, if the low-tech business - which would be rather like ABB – was rated at a quarter of sales, the combined effect would be to lift its

share price by a quarter.

Such a radical scheme is not even on Siemens' agenda. But if it followed Daimler's recent example and awarded its executives share options, they might start to think the unthinkable.

UK power

Let nobody say utilities make boring investments. But the latest shock to the electricity sector does at least flow from a sensible decision: the British government's ruling against the generators' bids for regional electricity companies (recs). As ever, though, its view remains incomplete. We now know the government's position on vertical integration resulting from generators buy-ing recs; but we do not know how far recs will be allowed to achieve the same effect by expanding their generation capacity. If Eastern's purchases of generating plant from National Power and PowerGen are waved through, its market share in generation will be substantial and its influence on electricity prices significant. To allow Eastern to achieve what the genera-tors cannot looks like a nonsense. The regulator can and should prevent it. The main beneficiaries of the gov-



eroment's decision are of course, the remaining independent recs: their supply businesses are not going to be squeezed by integrated competitors. Yet their share prices all fell sharply yesterday. To an extent, this looks the right result for the wrong reason: some deflation of the frothier prices was overdue. And although the decision has no bearing on the prospects for further foreign bids, the more tempting targets now look to be Mid-lands or Southern, with their stronger balance sheets, than the other independent recs.

As for the generators, the decision makes them more vulnerable to the downward pressure their margins will face in 1998. But their balance sheets still look phenomenally strong, and some handsome payouts to shareholders are now in order. Nor is it self-evident that Southern Company will not persist with its bid for National Power, if it really wants to, it could dispose of South Western Electricity to do so. And National Power cannot now argue against a Southern Company takeover on the grounds that it means losing the opportunity to merge with Southern Electric. Arguably, the government has actually deprived National Power of the best argument

Platinum

for its independence.

The European Commission's decision to block Gencor and Lonrho's plan to merge their platinum interests may be well-intentioned, but it is unlikely to achieve much. Competition worries are understandable: between m, three groups – Gencor, Lonrho and Anglo American Corporation dominate platinum production outside Russia. And they are all now connected. Anglo, whose platinum interoption to take its stake in Lonrho to 26 per cent. And Gencor has a 27 per cent holding in Lourho's platinum operations. The result is to connect the commercial interests of the three groups in a way which should be good news for shareholders but could be bad news for consumers.

There is no sign of collusion so far. on the contrary, Anglo and Gencor are old rivals. And Russia's copious stockpile is a serious - if apparently fast-shrinking - obstacle to anyone trying to drive up the platinum price. So there may be nothing to worry about, in which case EC intervention is unnecessary. But if there is, blocking the merger is unlikely to be enough. The Commission's action looks like a empty gesture.

Telegraph/Hollinger

Mr Conrad Black's bid for the 36 per cent of the Telegraph he does not already own looks generous enough on first giance. Few newspaper groups trade on anything like the multiple of 32 times last year's earnings that the Canadian tycoon is offering. But scratch a little and the offer is not that great. Profits will rebound this year in response to last year's 10p increase in the Daily Telegraph's cover price; with the UK newspaper price war winding down, at least one more 5p increase is

Moreover, minority shareholders have Mr Black over something of a barrel. Unless he takes full control of the Telegraph, he will be hard-pressed to finance his ambitious expansion plans - in particular his scheme to acquire Fairfax, the Australian newspaper group. Issuing Telegraph stock to pay for more empire-building is clearly not on: the City has raw memories of Mr Black's sale of a large slug of the shares two years ago just before cutting the Daily Telegraph's cover price. His current plan is to raise money through Hollinger International, his US vehicle. But until Hollinger controls the Telegraph's cash flow, investors are unlikely to

find its shares that appealing.

The Telegraph's independent directors no doubt feel vindicated in rejecting Mr Black's indicative offer of 450p last year, since it has now been upped to 570p. But that is still less than the versial share sale. Given Mr Black's weak negotiating position, the independent directors should have been able to squeeze at least 587p.

Additional Lex comment on Bank of Scotland, Page 26

This announcement appears as a matter of record only.



International Pepsi-Cola Bottler Investments Limited

US \$156,000,000 representing 1,560,000 Shares

A newly formed Pepsi-Cola Bottling Company investing throughout the African Continent

Lazard Capital Markets

Indosuez Capital

Standard Chartered Bank

April 1996

Europe today

It will be sunny over Greece, Turkey

and the western Black Sea. A front moving across central and eas Europe will bring showers, especially over Italy and the Balkan states. Showers and isolated thunderstorms are also expected over eastern Poland and western Russia. France, the Benelux and western Germany will have sunny periods, possibly mixed with showers. Spain will have sun. especially in the west. Showers are expected in eastern Spain and over the Balearic Islands, Corsica and Sardinla. Low pressure systems will cross the UK and southern Scandinavia towards Russia, bringing rain.

Five-day forecast Conditions over the British Isles will gradually improve. It will become drier and sunnier. Western sections of the continent will also become sunnier. On Friday the Benelux will have rain, illy in the north. Southern Europe will have rain.

TODAY'S TEMPERATURES

Caracas Caralifa Casablar Chicago Cologne Dales Debit Dubiin Dubrovni Edinburg Abu Dhabi Accra Aigiers Ameris Atlents B. Ares B.hem Bangkok Barcelona

More and more experienced travellers make us their first choice. Lufthansa

Fare
Frankfurt
Geneva
Geneva
Geneva
Geneva
Geneva
Geneva
Geneva
Geneva
Geneva
Hamburg
Hersinki
Hong Kong
Honolulu
latembui
Jakarta
Jersey
Karachi
Kuwast
L. Angeles
Las Palmas
Lima
Liston
London
Lunchoung
Lyon
Maraleka gun fair tair rain shower shower cloudy sun shower sun sun cloudy shower fair 21 18 19 22 13 15 7 26 1 15 32 12 34 1 5 1 5 1 15 20 1 15 1 16 20 1 15 1 16 20 Hangoon
Reyklavik
Filo
Rome
S. Frisco
Seoul
Singapore
Stockholm
Strasbourg
Sydney
Targier
Tel Asiv
Tokyo
Toronto
Vancouver
Venice
Vienna
Warsew
Washington
Winnipeg
Zurich

The showy end of the motor industry

The high proportion of heavily discounted company car sales is upsetting private buyers unable to exploit such discounts, John **Griffiths** observes

This week Silverstone, the self-proclaimed home of British motor racing, is echoing not to the rasp of race cars under test - but the tyre squeal of salesmen's saloons and executives' "perk" cars being put through demonstration paces.

What relevance this has to business motoring on Britain's motorway networks is hard to fathom. But fleet managers in their hundreds have insisted that they find it "informative".

And if that event is what they want as part of what has become an annual Fleet Show, the car makers and associated industries, which have grown up to cater to fleet needs, are determined that they shall have it.

The sheer scale of the Fleet Show, which has taken over virtually the entire Silverstone complex until Friday and has almost every UK car maker and importer represented. underlines the importance which business vehicles and their management have assumed, in the 1990s, for all aspects of the motor industry.

Cars bought for business use are currently propping up a UK new car market which would otherwise be in danger of collapse from a crisis of confidence among private buyers. Cars bought by fleets and other business users last year

represented a rise of more than 6 per cent on the previous year, in a total market which rose by just 1.8 per cent.

totalled 1,032,000 units. That

More significantly, the share

registered to businesses rose from 50.8 per cent to 53 per cent and the trend has accelerated sharply in the first quarter of this year, to nearly 57

per cent. If the number of cars bought for business use but registered to individuals is added - as in the case of partnerships, for example - then business purchases currently account for 70 per cent, and possibly more, of all new car sales

It is thus small wonder that car makers, contract hire and leasing companies and other vehicle services providers are courting the business sector so assiduously.

This picture is unlikely to change, for suspicion is hardening into the certainty that more than a simple lack of consumer confidence - based, for example on uncertainties in housing - lies behind pri-vate motorists' desertion of the new car marketplace.

Indeed, some industry analysts and even the Retail Motor Industry Federation, representing dealers, have begun to argue that it is car makers' bias towards the fleets which is driving retail customers away.

Tithin the past month, three of the UK's most eminent motor industry academics, from the Cardiff Business School, have issued a joint warning that the very high proportion of heavily discounted company car sales is creating deep resentment among private buyers unable to take advantage of such discounts, and who are consequently hit harder by depreciation than the fleets when their similar cars reach the second hand marketplace.

As a result, private buyers are making a deliberate choice "nearly-new" cars to buy

These are vehicles usually only a few months old and previously supplied cheaply to the big fleets by manufacturers

The bottom line of all this is that while car makers have begun to back away from some of the deals guaranteed to upset private buyers when sed - such as the tens of thousands of cars sold to short term rental fleets at discounts of 25-40 per cent - their dependence on the business sector means that for fleet managers

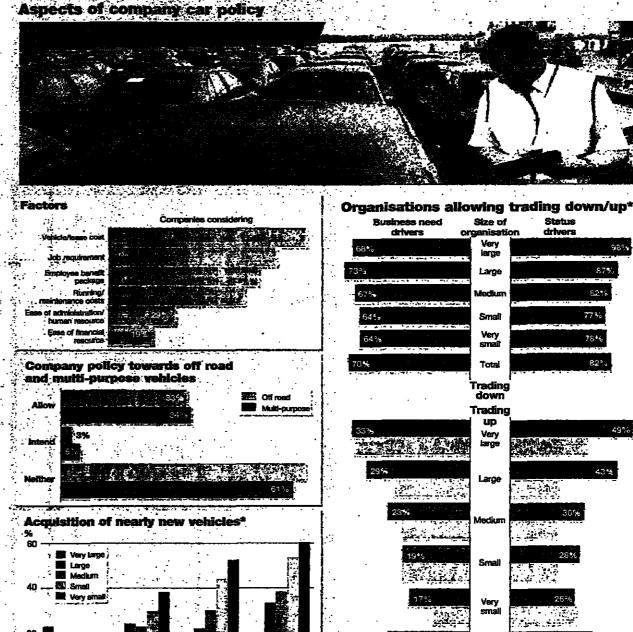
market and likely to remain so. This is particularly the case use of the increasing number of car makers and import-ers intensifying their efforts to break into, or increase their share of, the UK's business car market

Notable among them are the Volkswagen group, now pricing much more competitively since taking direct control of UK distribution from the Lonrho group; Fiat, whose UK sales have jumped by nearly 80 per cent over the past year as major investments in new model programmes have begun to pay off; and the South Korean companies Daewoo and Hyundai, which are both now aggressively seeking fleet busi-

"Our prediction is that Korea will be a major player in the corporate market in 5-10 years", says Mr Mike Baldry, a director of Dial, Barclays Bank's vehicle management services subsidiary.

To these pressures must be added the growth towards full production of the Japanese "transplant" factories of Toyota and Honda and the need to find buyers for the minimum of 350,000 cars a year output they envisage by the end of the decade, and the more than 200,000 units a year already coming from Nissan's longer-established facilities at Sunderland. As this year's Monks guide

to companies' car policies clearly establishes, for most user companies a Japanese badge no longer precludes such cars from fleet managers' pur-



Some 76 per cent of companies now allow Japanesehadged cars on their fleets if they have been produced in the

produced in Japan itself. The trouble is, at least from the car makers' point of view, that some companies - particu-

the muscle to win big discounts - are proving not at all averse to forsaking the new car market themselves in favour of

Percentage of companies allowing trading down/up

Most of the big leasing and contract hire companies, recognising the trend, have set up schemes specifically tailored to

Size of

Very small

Trading

Trading

up

Very lærge

Large

. <u>210</u>11-72

Percentage uptake

drivers

IN THIS SURVEY

Company policy and

taxation Diesel sales

CPM International

ade. lott.

ctor and ive.

lace nfu-

use ere

ing ght

ifiial
rge
ast
oneir
ild
lisier
at,
vionis

ort irt

ха 01

ag :ir or

 Car under attack in the transport debate VAT

Davis Service Group

Computers Page 4

Latest models

 Mobile communications Page 5

Trucks

Number plates

 Specialist management Page 6

are not necessarily provoking hostility from the company employees who drive them.
Indeed, with the increasingly prevalent practice of allowing a company driver to choose almost any car within a fixed

monthly contract hire rental

allowance, some drivers are

cheerfully opting for used cars which would be well outside their price range if new. This is despite the fact that, under revisions to company car taxation legislation introduced two years ago, such drivers have to pay a higher personal tax bill for their

indulgence. The legislation links the tax payable by an individual for his or her personal use of a company car to a fixed percentage of the list price of the chosen vehicle when new. That drivers are prepared to incur such apparant financial penalties underlines how deeply the perceived desirability of a company car is engrained in UK husiness life.

But it is also because, for most drivers, company cars remain such a good deal

Continued on Page II



Since trucks are designed to go from one place to another, we've decided to take them from the past to the future.

tarted with a simple aim: to create ing-hauf driving. This was the ideal which inspired the two models in the Renault Premium range. With easy New Renault Premium Distribution

access, better all-round visibility and highly responsive handling, the Premium Distribution has been designed specially to cope with crowded streets. The Premium Long Distance. on the other hand, puts the emphasis on a roomy, comfortable cab, low unladen weight, high performance, reduced maintenance and

low fuel consumption - features especially important in long-haul work. Each model is adapted to its purpose and gives unrivalled. benefits to companies, their drivers and other road users alike. To discuss these benefits further, simply call your Renault V.I. dealer. He'll be delighted to take you through them.

RENAULT V.I. YOU ARE OUR DRIVING FORCE



Readied for the diesel's surge

Contract hire is being considered following changes to the way cars are treated for VAT

UK car dealers readied themselves for a big surge in sales of diesel-engined cars following the big 1994 shake up in the way company cars are assessed for taxation. The old tax system discriminated against cars with higger engines and diesel cars typically require larger capacity engines if they are to match the performance of similar petrol-engined vehicles.

More companies began to insist that employees changed to diesel when they replaced their company cars. There seemed to be good business reasons: diesel cars were attracting higher prices in the used car market; fuel costs were lower for drivers doing high annual mileage; and diesels were also perceived to be more environmentally friendly.

Now this trend has gone into reverse. Mr David Atkins of Monks Partnership, the remuneration adviser which tracks UK company car policies, says that recently four big companies surveyed by Monks had changed their policies and no longer were insisting that their car fleets gradually became alldiesel.

Experience showed them. they said, that diesels were no cheaper to run than petrol cars when price, fuel costs, maintenance and repairs were taken

Perhaps, more importantly, diesel cars are losing their "green" credentials. Environmentalists are most worried about the particles emitted in the black smoke from exhaust pipes of hadly-maintained diesel cars. These "particulates" are ten times greater in diesel than petrol exhaust fumes. The Internationly Agency for Research on Cancer suggests they are the most dangerous of all car pollutants

Other organisations are

experiencing this brend. Mr Shaun Price, sales director of Fleet Management Services, says his company expected a surge in diesel car sales after the tax changes but it never materialised. He suggests there is another important reason. "Many people still see the company car as a status symbol and diesel cars don't give the

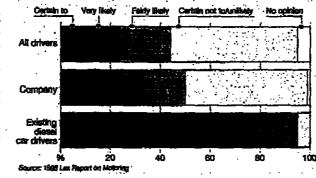
right message as far as they are concerned," he says. Those companies that imposed a diesel policy were giving their employees no choice." There is another trend in

company car policies that FMS has noted. This also relies on the corporation being able to give employees little choice about what they will drive at the company's expense. Some companies are acquiring

In one view, purchasing 'nearly new cars really does lower the company costs of contract hire

"nearly new" cars instead of brand new ones. There has been so much demand for nearly new" vehicles that FMS has set up a separate division to handle it.

Like the many private car buyers who have chosen the "nearly new" route to cost savings, the companies are letting someone else suffer the big depreciation that hits nearly every new car. Mr Price says that acquiring "nearly new" really does lower the cost of contract hire, for example, because depreciation is such a big element in the total cost. Nevertheless, "this is not for user-choosers (where companies allow employees to select the car of their choice within certain limits). It must be company imposed. And it is not good for morale to put someLikelihood of considering buying a diesel car in the future



one who has been looking forward to having a new car into one that is six months old," Mr Price insists.

Changes to the way cars are treated for VAT (value added tax) caused another new trend in company car policies. Companies providing cars on contract hire were able for the first time to reclaim some VAT while companies in other businesses are not. This led to many companies considering whether they should switch from the outright purchase of cars for their fleets to contract hire. Mr Price says that so far not many have converted, but the signs are that many will.

Mr Atkins says that many more companies than usual are reviewing their car fleet policies at present. Some smaller organisations are asking themselves whether "nearly new" cars would save money. Bigger

Sales of diesel cars in the UK

companies are asking themselves whether they need all the cars they have on the fleet or how does their car allocation policy compare with oth-

There is a tendency for the cost of providing cars, as well as the quality of cars provided, to "creep" upward and companies today are concentrating heavily on reducing costs. This upward "creep" usually comes about when a company is recruiting and newcomers ask for and are given slightly better cars than they would qualify for if they had been promoted from within the

Mr Atkins says companies also have to bend their own rules to recruit specialists that are in short supply, for example information technology specialists. "Are you going to lose the chance of recruiting

1992 1993 1994

1989 1990 1991

company car, many more companies are offering cash or salary increases as an alternative to the car. Mr Atkins says most big companies surveyed by Monks have their cash alternative policies in place but most smaller organisations are still struggling to find the right approach. Some large companies have had four or five years' experience with cashfor-cars and are re-examining

he or she is insisting on having

a car as part of the package

but the company rules say the

Following the shake-up in

the way personal tax has to be

paid on the benefit of having a

ion doesn't rate one?"

their policies. The take-up of cash depends partly on the generosity of the offer and partly on the location and type of company making

When companies are trying to achieve a position where they are financially no worse off - a "cash neutral" position - the take-up of cash is between 10 and 20 per cent of eligible employees, according to Monks. Where more generous terms are offered, the take-up jumps to between 20 and 30 per cent and some companies are even claiming more than 60 per cent.

However, the further north a company is based in the UK, the less likely is the cash offer to be taken up. "The company car is still a potent status symbol in the north," says Mr Atkins at FMS. "Also, people are more likely to need a car to get to work in the north. It makes more sense for a person working in the City of London whose car sits on a station forecourt all day, and whose partner also has a car, to give up the company car and take cash instead."

Mr Atkins says that the research shows that very senior managers are more likely to take cash than those further down the corporation ladder. "It is almost as if they are saying: I'm so good I don't need to have a shiny new car any more to prove it."

■ Diesels: by John Griffiths

Soaring sales falter

The next, more specialised generation could give the sector a new lease of life

Until last year diesel cars were the growth sector of the UK new car market.

From a few thousand a year a decade ago, sales roared away in the early 1990s to reach 431,000, representing 23 per cent per cent of the total market, by 1994.

There appeared good reasons for the growth: • diesel cars are a lot more

economical of fuel than their petrol-powered counterparts. typically travelling at least 20 per cent further per gallon on an average journey and by a third or more around town. where diesels are at their most efficient

• fuel savings of more than £500 a year are easily achievable with a 2-litre company car covering 20,000 miles a year; resale values have been higher than petrol equivalents, partly because of scarcity value and partly because of the diesel's greater longevity if properly maintained; with turbocharging and

modern fuel injection technology, the modern diesel car also gives little away in terms of outright performance compared with its petrol equiva-

 and the one notable disadvantage of most diesel cars - a higher initial purchase price - has been fading as manufacturing economies of scale for diesel engines build up. Given all these attributes,

some market analysts have suggested that diesels could go on to capture as much as onethird of the total new car market, particularly as the beneficial effects of the very latest. diesel technologies - such as multi-valves and direct injection - make themselves felt. Last year, however, diesel

car sales fell back by 6 per cent

in a total new car market up marginally on 1994. And most in the industry are at a loss to

explain why. Part of the explanation may lie in recently-raised uncertainties about the environmental "friendliness" or otherwise of diesels and the possible knock on effects for future residual values, according to Mr Mike Baldry, commercial director in charge of major corporate accounts at Dial, Barclays Bank's vehiclement management services subsidiary. While diesels are accepted as emitting less carbon dioxide - the culprit in global warming - and some other pol-

> The UK remains Europe's third biggest market for diesels

lutants than petrol, the minute

sooty particles generated by

diesels, known as PM10 partic-

ulates, have been identified in some reports as a possible car-

"The differing views over the future of diesels indicate that the market is perplexed about its future," Mr Baldry suggests. The increased supply of used diesels also means an inevitable weakening of diesels' residual values and an accompanying increase in monthly leasing and contract hire rentals. However, the next genera tion of diesels could give the sector a new lease of life.

Despite last year's reverse. the UK remains Europe's third biggest market for diesels - with more than 405,000 sold last year - and market monitoring group Automotive Industry Data (AID) also maintains that growth will resume as new generations of diesels reach the market, Overall, AID projects that diesels will capture 30 per cent of the total European new car market by

the year 2004, involving a rise in unit sales to 4.8m from

2.65m last year. Cars such as Volkswagens and Audis fitted with the German group's new 1.9 TDI direct injection diesels, and the latest Rover 600 models fitted with a similar turbodiesel version of Rover's K series engine, serve to support AID's contention. Road test reports on the vehicles regularly show average fuel consumption of more than 50 miles per gallon - an ever more persuasive factor as the absolute price of petrol and

diesel continues to climb. Perhaps just as significant, the volume of diesel sales already reached in Europe is such that vehicle makers can begin to justify building dedicated diesel engine plants further to improve scale economies - with the potential to eliminate the diesel price pre-

mium entirely. Nor are diesels necessarily to be shunned by the executive and luxury car sectors. BMW has shown the way with a sixcylinder turbodiesel unit which performs as smoothly and almost as silently as a petrol "six", and which Rover is now using in its Range Rover four-wheel-drive models.

However, one of the most innovative approaches to the sector is being made by Perkins, the specialist diesel engine maker which is part of Varity Corporation of the US. It is developing its own largecapacity diesel specifically for luxury cars. The low sales volumes of such cars make it uneconomic for an individual carmaker to develop such a diesel. However Perkins maintains that it can viably develop and produce such a unit at voltimes as low as 40,000 a year. By "customising" such engines cosmetically - with carmakers' name on the camshaft covers for example - Perkins hopes to supply four or more carmakers, which could then sell luxury diesels profitably even if each carmaker was selling less than 10,000 units a year.



1988

1988 1987

Tyre Technology. **FUEL**

> something new: lower fuel This technological revolution brings real benefits to you. The Michelin Energy will allow you to

comfort - but it introduces

Not only does the

Michelin Energy have

all the usual qualities -

of a Michelin tyre -

grip, long life and:

travel up to 20 miles more every time you fill up your tank. In effect, the money saved on your petrol bill repays you the value of two tyres over approximately 40,000 miles.

So don't miss out on the technological revolution, look on the sidewall of the tyre for the "GREEN X".

SEE US AT THE FLEET SHOW ON STAND A10.





DRIVING DOWN THE COST OF MOTORING.

Coloradores beauti no man con with 50 ftm () 7 gallon) tends, communing 8 ftms () 75 gallons) per 1000m (62 miles) year traditional (44 miles) tends (100 miles) and 100 miles (100 miles) tends (100 miles) tends

CPM International

Blue chip support

CPM International, based in Thame, near Oxford, conducts Burt. both field and telemarketing campaigns for a wide range of are always important, but blue chip clients. The numbers 287 vehicles for CPM's full-time staff, with a further 2,500-3,000 field force

using their own vehicles and reclaiming car expenses from the company. As its business has grown, so has the size of the fleet. Back in the late 1980s, CPM International ran between 70 and 80 cars, all of which were

purchased outright and managed internally. However, the decision was then taken to switch to a contract hire company and a sales and leavehack deal was negotiated. "As the fleet got bigger, so there was an . . enormous amount of money tied up in vehicles," says Ms Shirley Burt, the company's fleet co-ordinator. "In addition, we needed the expertise and advice that was

available from a professional specialist." Over the years, a number of different contract hire companies' services have been employed, but around 18 months ago, a single company - Masterdrive chosen to operate all the .

vehicles in the fleet. "We chose them because we had worked with them for seven years and had always been impressed by the level of support and service that they offered. Masterdrive came up with a sole supplier package and we felt it was the right thing to do to switch to a

single company," says Ms

"Financial considerations perhaps the most critical factor in coming to this decision was the level of service they provide, because with myself and a small amount of in-house help, we need the support in running a fleet of this size."

All the cars are on full contract hire with maintenance, with Masterdrive also taking responsibility for Accident Management. Insurance is arranged sengrately by CPM International's American carent company.

Directors and Client Service Directors have a free choice of cars within a pre-set mouthly spend limit. Other grades such as client service managers and regional field managers - each have a choice from a list of three or four vehicles.

For example, the client service manager would have a choice of the Ford Mondeo 1.8 GLX, Citroen Xantia 2.0LX and the Renault Laguna 1.SRT; the company is now looking to replace the Vauxhall Cavalier which was on the list and has been testing various models before making a final decision. The field policy is not quite as rigid but an example of the vehicles currently in use for Regional Field Managers would be Citroën Xantia 1.6LX, Ford Mondeo 1.6LX

and Vauxhall Cavalier 1.61.Si. Field team managers and supervisors would in the main

historically these have been Escorts and Astras. However, a demonstrator programme is under way in which team managers on one large account whose present batch of 60 vehicles come up for renewal shortly are testing

drive 1.4-litre engine cars and

three models from three different manufacturers "As they spend so much time in the vehicles, we thought it important to involve the drivers in the decision-making process and

wanted to give them the opportunity to drive the cars and give us their input on which models they would prefer," says Mr Burt. "We listen to their feedback and then, so long as the running costs and the rentals are acceptable, we will put the cars they prefer on to the choice list."

The eventual choice of cars on the lists is also influenced by Masterdrive, who provide for CPM international the information they need to draw up lists of cars at a given monthly rental cost which takes into account not only acquisition price, but also overall running costs and anticipated residual values too. So the choice comes down to a combination of the models that offer the best value for money at the time, combined with the models that the staff prefer driving though with keeping within

Martin Derrick

a given budget remaining the

overriding factor.

The showy end of the industry

Continued from Page I

compared with the risks and

inconveniences of running cars of their own. In theory, when the government introduced the latest company car taxation cheme, it finally achieved tax 'neutrality" for the sector - company car drivers are no better off, in overall tax terms, then private car buyers. But the financial calculations alone do not take account of the absence of "hassle factor" in running a company car – no showroom haggling; no pleading for a better trade-in price; no queneing at service reception counters (most co tion counters (most company cars are collected and returned to home or office at surface or repair time); and no factly unexpected repair hills, blooks guide editor Mr David Afkins

says it is this factor which largely explains the very low take-up of cash alternatives to the company car increasingly offered by companies since 1992, when VAT and other taxation obstacles inhibiting such schemes were removed. He estimates that some 57 per cent of companies now offer a cash alternative.

However the take-up rate, on the basis of Monks' survey findings, averages only around 4 per cent. Calculating just what the cash allowance should be represents just one of an ever-broadening range of problems and complexities confronting fleet managers, company secretaries or whichever other directors might be burdened with the task of running the fleet and devising company car policy. For most, it is an unenviable task. Company cars

tend to be a highly emotive issue among all levels of employees, and no other noncore element of a company's business is so prone to rousing disruptive petty jealousies. It is thus not surprising that companies specialising in providing fleet management services, or vehicles on contract hire or other forms of leasing, regularly produce surveys to show that in-house fleet managers are doing a poor job; or that companies could save fortunes through buying in outside expertise; or that contract hire with full maintenance is now so advantageous, following VAT reforms announced last year, and that every company should go down that route. Yet despite all the specialist industry's blandishments, more than half of company cars are still bought outright

The great transport debate: by Charles Batchelor

The car faces heavy attacks

Labour's plans, to be unveiled within months, promise a more long-term approach

iles falter

THE SHOOM

And the state of t

The car in general, and the company car in particular, is under attack from the environmental lobby as never before. Drivers are being urged to leave their cars at home and make greater use of public transport to spare the environment, save energy and reduce

But despite a growing con-sensus around the need to reduce car use, government policy is still in state of disarray. The launch 18 months ago by the then transport secretary, Mr Brian Mawhinney, of a public debate of transport sues, has yet to provide any firm answers.

Sir George Young, the current transport secretary, has promised a green paper later this year but coming shortly before a general election - May 1997 is the absolute deadline -there are fears in the transport sector that it will fudge rather than address the issues

There are, at present, no clear signs of a coherent transport strategy emerging to help the company fleet manager plan over the longer term. Policy still appears to be driven by Treasury pressure on spending totals and by environmental concerns rather than by a clear view of transport's role in and contribution to the economy.

The first casualty of this muddled approach has been the roads spending programme. Almost as an afterthought to its budget announcement last November, the government revealed plans to lop nearly £4bn off the £12bn roads programme unveiled just 18 months earlier and to scrap 77 road building schemes.

The government places a growing emphasis on the private finance initiative as a means of funding road construction. But its £1bn "design, build, finance and operate" programme, which awards road building and maintenance contracts to the private sector for 30-year concessions has been slow to take off.

In addition, the roads built by "shadow tolls", direct goveinment payments to the concessionaires. This method avoids a large initial payment for a roads contract but does commit budgets over the very long term.

Plans to introduce "real" tolls, charged directly to the motorist, have suffered setbacks and the programme now

	Captains of industry	Transport professional
introduce more "park and ride" schemes in towns and cities	87	80
rivest a lot more in buses and trains	84	'n
reprove road access to docks for heavy goods vehicles	. 73	65
ntroduce toll charges on certain main trunk routes and motorways	51	-27
nyest more in motorways and main trunk roads	49	41
Build new toll roads to relieve congestion on trunk roads and motorways.	47	9
ntroduce more bus lanes on roads in towns and cities	45	53
Widen Sritain's existing motorways and main trunk roads	18	56
ncrease subsidies for public transport paid for out of taxes	-16	8
Charge car drivers £3 a day to drive in cities	-18	-48
lave lanes reserved for cars with two or more occupants	-26	-57
teserve one lane on motorways as a toll lane for heavy commercial vehicles	-33	-28
Charge higher tex on large care	-34	-25
ion cars from city centres	-46	-22
Ruch higher taxes on petrol to discourage consumption	-49	-64
incourage switch of freight from rail to roads	-77	-67

appears unlikely to be implemented before 2004, if then. This represents a considerable reverse for those who thought charging motorists at the point of use would lead to a more rational use of the roads network and lead to a fairer comparision of the cost of rail

The plan for the electronic tolling of Britain's 1,700 motorway network was launched on a wave of optimism by Mr John McGregor, then transport secretary, in 1993 with aim of having a system in place by 1998. But a growing awarene of the political and technological difficulties involved has prompted a rethink.

travel as against the car.

Road user groups are already concerned that the motorist pays for more, in the form of fuel duty, road fund licence and other taxes, than is spent on maintaining and developing the roads network. A further charge in the form of road tolls would be extremely unpopular

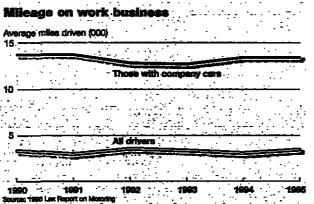
At the same time electronic tolling systems do not yet appear robust enough to operate efficiently on Britain's heavily trafficked motorway network. Right consortia were selected last year to take part in trials but four groups have

already withdrawn. Their reasons include the

Electronic tolling plans have been hit by political uncertainty

political uncertainty surrounding tolling, the vagueness of the technical specification, the government's unwillingness to share the development costs and the prospect of long delays in implementing the pro-A problem which the govern-

ment appears to have underes-



timated is that of motorists diverting from the motorways to other main roads to avoid paying tolls.

trains and at stations.

But crucial in the train's bat-

tle against air travel and the

car are journey times. These

depend largely on expensive

improvements to track to

remove speed restrictions and

to a lesser extent investment

in faster rolling stock. Rail-

track, which is to be floated on

the stock market next month

will need to be persuaded of

the viability of spending on

Britain's most successful

high speed line runs up the

east coast between London.

Newcastle and Edinburgh but

the west coast line between

London, Manchester and Glas-

gow is in urgent need of

improvement. A £1bn refur-bishment plan is currently

being worked on by Railtrack

but significant improvements

in journey times would require

track upgrading and, possibly,

the introduction of tilting

trains which can run faster on

over the future of Britain's

road network this could be the

time for rail to recover mar-

kets lost to the car. But until

an overall plan for the coun-

try's tranport networks

With so much uncertainty

conventional lines.

track improvements.

Although the government says it is pressing ahead with its plans for tolls, it is also looking at other methods of financing the roads network. One idea is for the country's entire main road network to be transferred to the ownership of one or more new corporations which might be financed by tolls but which could also levy road charges in the shape of a tax "disc" or higher fuel duty.

Labour's own detailed transport plans are due to be unveiled within the next few months but Ms Clare Short, its transport spokeswoman, has promised a more long-term approach and the greater use of land use planning to reduce urban sprawl and the need to travel. Labour is also likely to be more responsive to environmental arguments.

Persuading the business driver to leave his car at home for some journeys depends on their being an attractive public transport alternative. It is the government's hone that privadisation will produce a rail system which is more responsive to customer needs, though the rail sale is still at too early a stage to judge whether or not this will be the case.

Five of the 25 train operating franchises have been allocated to private sector buyers and all are promising improvements in service. Those operating long-distance routes, in particular, have promised to look at improving facilities for the business traveller both on

Not in the script

New legislation seems to have sown confusion and not produced hoped-for savings

■ VAT: by John Griffiths

For the contract hire industry, recent events have not gone according to script. When Chancellor Kenneth Clarke announced last year that companies would be able to reclaim the 17.5 per cent VAT on cars bought solely for ss use, the contract hire

industry rubbed its hands with

Here, surely, was the catalyst that would turn all but the most dichard conservative companies away from buying and managing their own cars, and towards the worry-free simplicity of the monthly rental payment and all-in maintenance of contract hire. Their optimism appeared to be well founded as last August I, the introduction date for the

new VAT rules, approached. For a start, the new rules in effect applied overwhelmingly to the contract hire and leasing industries, because a user company buying its own cars was debarred from reclaiming VAT on any car that travelled even a mile on non-business

Contract hire companies could cut monthly rentals quite sharply, at no cost to themselves, by passing on all - or most - of their own ability to reclaim VAT on their car purchases. It could not be by the full 17.5 per cent because VAT still had to be accounted for on the proceeds when the car was eventually sold after the contract hire period.

rules allowed companies using

reclaim 50 per cent of the lease element of the monthly rental, even if a driver enjoyed private use of the car. Finally, the contract hire and leasing companies could now recisim the VAT on service elements of the contract such as maintenance and roadside assistance. Mr Colin Thornton, head of marketing at ACL, the vehicle management arm of Standard Chartered Bank, was quick to suggest that rentals would emerges it is uncertain which drop by around 8 per cent and

result, would re-examine the way in which they acquired their cars. Using a computer model developed by accoun-tants KPMG, ACL calculated that the operator of 100-car fleet on a three-year replacement cycle, with an average cost of capital of 10 per cent over the period, would save ground £65,000 by using con tract hire. The calculations remain valid. The trouble is that the contract hire industry waited for fleet managers to beat a path to its door - and is waiting still. "It was a big non-event," says Mr David

Knight, managing director of PHH Vehicle Fleet Services. According to the latest annual Tolley Dial Survey of Company Car Schemes*, the Monks Partnership's 1996 report on company car policy** and other studies, it was worse than that. The report showed a significant drop in the number of companies acquiring cars through contract hire and leasing, with 62 per cent of cars still being the subject of outright purchase by their operating companies. The Monks study shows an increase of 3 percentage points, from 33 per cent to 36 per cent, in the number of surveyed companies opting for contract hire. Both illustrate clearly the contract hire industry's disappointment.

"Tolley's figures came as a bit of surprise to us because we have seen record growth of around 40 per cent in our own contract hire operations over the past two years, and expected this to increase following the VAT changes," says Mr John Lewis, a director of Dial, Barclays Bank's vehicle management services subsidiary which operates 65,000 cars.

In addition, however, the However, he claims that contract hire or leasing to Dial's own research shows that 80 per cent of companies are planning to use contract hire to fund their fleets in the future, and suggests that the main problem is that the significance of the VAT changes has not yet fully dawned on medium- and smaller-sized companies. Controversially, he maintains that some of the leading fleet management companies are to blame, for concentrating on the biggest fleet deals and starving smaller businesses of adequate

A rather more sinister interpretation of events is made. however, by Mr Tony Elliott, sales and marketing director of another contract hire and leasing company. Masterdrive. He says: "In the first place there has been a lot of confusion about the benefits of the VAT changes, partly because Customs and Excise were determined to claw back as much as possible into their coffers, thereby negating much of the good that might have come from the move." But perhaps more signifi-

cantly, he adds, industrial companies which run large fleets normally require at least a year before they would consider a change. By now, their finance departments should have made the necessary discounted cash flow and other calculations leading to what. Mr Elliott claims, is the inevitable conclusion that the contract hire or leasing option is now a viable alternative to purchase. "However, transport managers and transport departments of these companies frequently have major fears about outsourcing because of the threat to their own job security, real or unfounded. In a large number of cases, therefore, any move to contract hire will be blocked from within," he says. Not surprisingly Mr Geoff

Cobley, managing director of Fleet Management Services, which provides both fleet management and leasing services, suggests that the picture is not as clear cut as the core contract hire industry claims and that "fleet operators will find it increasingly economical to employ both contract hire and fleet management to cover the workers as well as the 'perkers'." This is particularly the case. FMS's sales director Mr Shann Price claims, because in practice the net benefits of the VAT changes are not quite what the contract hire sector has claimed - "the advantage is around 5-6 per cent."

*Tolley Dial Survey of Company Cars 1995/96, Tolley Publishing Company, Tolley House, 2 Addiscombe Road, Croydon. Surrey CR9 5AF. £47.50 ** Monks Car Policy UK, Monks Partnership, The Mill House, Wendens Ambo, Saffron Wal-

Overall financial control

The 900 cars and 400 trucks used by companies within the Davis Service Group are the subject of a new agreement with Lex Service in a contract with a lifetime value of over

Davis Service Group, which includes HSS Service Hire Group, the Pall Mall Service Group, Sunlight Service Group and the Elliott Group, takes group responsibility for the financing of assets. But it leaves all operational

matters in the hands of the individual companies, each of which has its own Board of Directors.

Mr Terry Winter, the group finance manager, says that group financing in general was reviewed at the end of 1994 and early in 1995: "One debate was whether we should continue to fund

non-income producing assets such as vehicles by overdraft, or whether they should be separately financed.

"We looked at various

financing options and also at a multitude of fleet operational options. Obviously we wanted to use the power of the group to get the best possible deals, but it was also important that our group financing requirements ould have no adverse effects on the operational requirements of the

individual companies." The decision to switch to Lex Service, whose Lex Vehicle Lessing looks after the cars and Transfleet the trucks, was based in part or Lex's dedicated truck leasing company and its expertise in this area. But it was also because it was able to provide

suchell Astra diesel estate: one of the workhorses of the fleets within the Davis Group

what Mr Winter describes as "a one-stop shop." Under the agreement, for

example, HSS uses contract hire without maintenance but with fleet management for its fleet of 280 cars and 350 commercial vehicles. Other companies in the group, however, have opted for finance leases because, taking into account the use of the vehicles in their own fleet and the length of time they remain in service, this appears a better option.

We get advice from Lex that ensures we choose the right financial instrument for each particular application, and they then provide the finance and the services that we require." savs Mr Winter. At one of the subsidiaries, HSS Service Hire Group, which supplies a variety of

tools and items of plant to customers on hire or a direct Sard, the fleet manager, said that they had opted to switch from buying vehicles outright to new contract hire arrangements with Lex.

"In the past, when there

were no VAT clawbacks

available, there seemed to be no strong advantage in not buying vehicles outright and so we bought all our fleet of cars and light commercial vehicles, with the exception of a small number of 7.5-tonne trucks used by Event Hire, the catering side of the business.

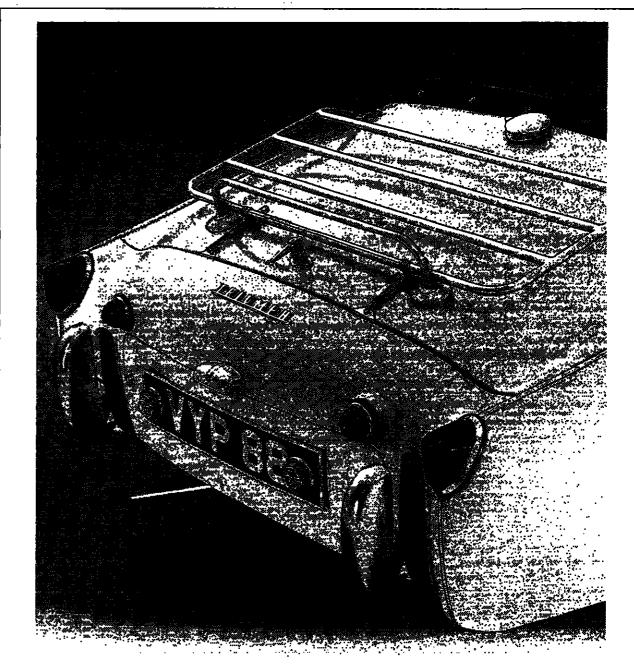
"However, once VAT could be reclaimed, it seemed a bit silly to be spending £9m on vehicles - my budget last year - when the advantages of contract hire had been

"In addition, there is an element of protection in a contract hire agreement. particularly in terms of budgetting. And under the Lex contract, we have access to replacement vehicles and also overnight servicing, so there is minimum disruption to our operational staff." Currently, the 280-strong

cer fleet consists mainly of Ford Escort and Vanxhall Astra diesel estates which are used by depot managers around the country, plus some 80 management vehicles. These are subject to free choice within specific list price bands for different grades - but, according to a policy introduced some two and a half years ago, all must be diesel.

"This may change in future as we are now looking again at whole-life costs and because residual values of diesel cars are no longer what they were, we may change to petrol cars, though a final decision has yet to be taken," says Ms Sard.

Martin Derrick



Lease Plan provides a unique vehicle leasing and fleet

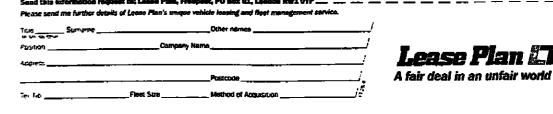
Like many of our competitors we only charge precisely what

we quote. But unlike other vehicle leasing companies, we refund any savines we make. Last year alone, our customers benefited by more than £3 million.

We believe it's only fair that if the basis of the original calculations change, such as maintenance, depreciation, or residual value we either absorb any loss, or we refund customers any surplus And you'll know precisely what your fleet costs because all our calculations are visible and open to inspection.

To find out more, about how Lease Plan can help you find your way around the vehicle leasing jungle, simply telephone or complete the information request below.

0345 65 60 65



Computers: by George Black

Because of lack of experience ease of use is a primary requirement in fleet management

Using a computer system to support fleet management can make a big difference to the efficiency and cost-effective-

ness of the operation. Computer companies are introducing easier-to-use systems with more advanced functions which could greatly enhance their value, through the adoption of simple graphical user interfaces (GUIs) and simple searching methods hased on executive information system (EIS) software.

Functional advances are enabling users to take up electronic commerce, or electronic data interchange (EDI) which can make considerable financial savings through replacing paper business with computer transactions. Money can also be saved by replacing bulging filing cabinets with disk storage through document image

Fleet management systems can cost from a few hundred pounds to £50,000, depending on the size and complexity of the fleet. As systems improve, more fleet managers may consider whether they should

However, Mr Alan Pascoe,

More diesel cars

Higher salary, no ca

Tighten up on use

Higher salary, cheaper ca

marketing executive for supplier RMS Tranman, says they generally fail to recognise that these systems are of strategic value. "Many of them are backward in information technology and very reluctant to invest," he says.

This is attributable partly to tight margins in the transport industry and partly to the fact that fleet management is not the core business for many buyers. But in many cases. says Mr Pascoe, they are just not willing to be convinced of the benefits of IT. Often it is hard for suppliers to get to talk to senior managers who might be more receptive. Fleet mannent organisations remain to a large extent behind the times in adopting IT and in some cases wholly uncompu-

60,000

70,000

1991

43

first time. There are around 30 systems

suppliers to the UK market. Fewer than a dozen dominate the market for large multi-user installations, but the number of products available at all levels of sophistication has risen sharply in the past few years.

This gives buyers more choice, but it has also created confusion about what the products can do. Products vary greatly in their capabilities and it is important for users to ensure that they choose one which is designed for their area of business. Local authorities, for example, may need a more flexibility than most private sector users.

Many users are moving from

1995-96

23

25

31

front end. The recent convergence by suppliers on the client/server model has created even more competition in the market. Ease of use is a primary requirement in fleet manbecause many users have little or no computer experience. Those who have any experience are most likely to know the popular PC spreadsheets and want a system that looks much the same. Another essential feature is the ability to deliver a substantial cost reduction to justify the investment. The market has changed radically in the past decade. Many users, such

systems or client/server

systems. Others are looking to

move up from personal com-

puter systems running the

Microsoft DOS operating sys-

tem to something more power-

The preferred approach for

the latest systems is the client/

server structure, with process-

ing typically split between a server running on Unix soft-

ware and a personal computer

to make fleet management a profit centre, providing a service to the parent company. Many local government users have outsourced fleet management since compulsory competitive tendering was

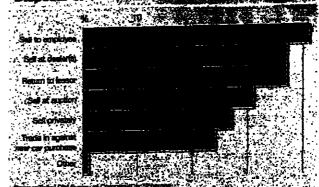
as the privatised utilities, have

re-structured their businesses

introduced in the 1980s. These changes have forced systems developers to re-design their products. Sanderson FCS (formerly Fletcher Computer Services), one of the leading suppliers, has spent over three years on a multi-million pound re-development programme. converting its products to a client/server structure with a Microsoft Windows front end. Its sales director Mr Paul Foskett says it decided to undertake that project when the market began to change with the growth of privatisation and

outsourcing.
Some new fleet management profit centres now not only provide a service to their par ent company but also use their spare capacity to manage fleets for others. "To make a profit from fleet management you need to use computer systems to full effect. A good system can provide a real competitive

edge," says Mr Foskett. Mr Chris Elvin, fleet depart-



records, accident photographs and much else.

ment manager for supplier

Kerridge Computer Company.

says the market is moving

from pure-fleet management

systems to broader, integrated

contract hire and leasing

systems. These may include

modules for other aspects of

the business, from marketing

All users want to reduce

paper. Even a small fleet of 100

vehicles can generate a large

amount of paperwork; for a

fleet of 10,000, it can turn into

a nightmare. For many users,

document image processing

has begun to condense that

diverse data into a format

which can be held on a single

disk, comprising invoices.

repairs and maintenance

to contracts to accounting.

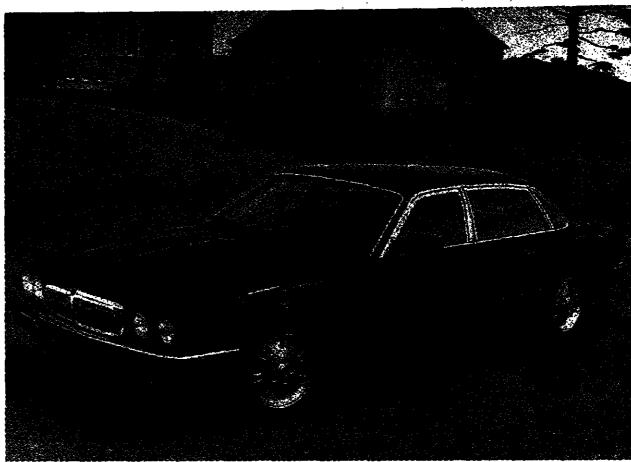
Many fleet managers would like to move into electronic commerce. This could help in several areas, for example tyre management. The cost of tyres is a constant concern to fleet managers, but it has been hard

for them to make any big impact on that cost. Electronic transmission of invoices could enable them not only to save money by cutting out paper

but also to understand more clearly the trends of tyre usage. The computer may be able to throw light on which types of tyre wear best and which drivers are abusing their tyres and prompt an

early response. The spread of handheld devices could contribute to cost reduction, as they become part of the electronic commerce process. For example, accident repairs could be streamlined by feeding price information from handheld terminals in the stores to the insurance company for authorisation. However, the spread of electronic commerce is still held up by lack of standards. Fleetnet, the industry standards committee, is struggling to get vehicle manufacturers to agree on standard formats for part numbers. "1997 must be the year for this, we can't wait any longer," says Mr Elvin of Kerridge.

George Black is a freelance IT



Jaguar Sovereign 4.0 LWB: a stylish and valuable contribution to the higher ranks of any vehicle fleet

15 11 23 Will you modify policy? No 20

Trends in proposed modifications to car policies (%)

1992-93

1993-94

54

35

25

14

18

37

31

27

FT Automotive Reports

Essential reading for Senior Managers



FINANCIAL TIMES Newsletters & Management Reports

FT Newsletters & Management Reports provide authoritative information and analysis covering the latest issues within the automotive industry.

SOLVING THE URBAN TRANSPORT DILEMMA NEW The motor industry's approach

investigates how the three urban evils - congestion, pollution and noise have serious implications for the health of urban populations. It evaluates how government policies and motor industry innovations are making a major contribution to improving the quality of life in urban environments.

ENVIRONMENTAL ISSUES AND THE EUROPEAN MOTOR INDUSTRY

analyses the motor industry's policy and activities regarding exhaust emissions, electric and hybrid vehicles, recycling, manufacturing processes, congestion, traffic management and fuels.

THE EUROPEAN ROAD FREIGHT INDUSTRY

Meeting the environmental challenge a timely appraisal of the impact of recent legislation and technological changes facing manufacturers and operators.

EDI IN THE AUTOMOTIVE INDUSTRY

Managing information flows for greater profitability

thoroughly evaluates the uses and benefits of Electronic Data Interchange (EDI), reviews the products available and provides case studies of companies already using EDI to good effect.

CAR RETAILING IN EUROPE

Opportunities for the next decade

essential and exclusive research on the state of the European car retailing market, examining the roles of manufacturers and franchisees, the impact of the single market and the differing requirements of the new and used car markets.

UK CAR RETAILERS Profitability and efficiency

a comprehensive appraisal of the leading car marques sold in the UK, plus a comparative study of the performance of independent forecourts against Plc dealers.

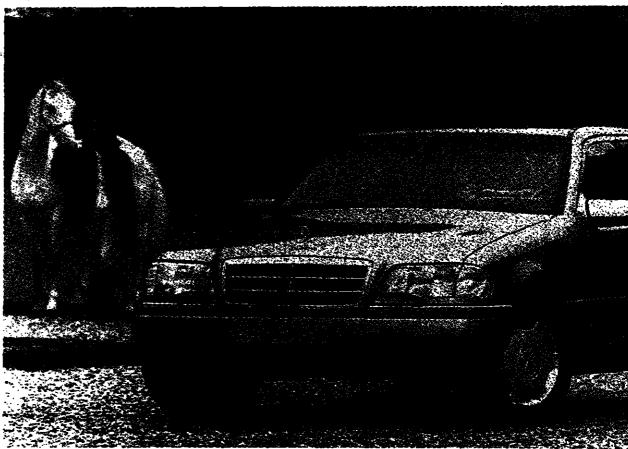
FT Automotive Newsletters **AUTOMOTIVE ENVIRONMENT**

ensure you keep informed of the latest environmental issues affecting the automotive industry by subscribing to this unique monthly newsletter. Every month it provides analysis and comment on emissions, transport policy, recycling and much more.

"topical, informed, useful" Commercial Manager of Fleet Operations — Somerfield Stores Ltd.

To receive your FREE 1996 FT Automotive catalogue simply complete the form below and return to: Adrian Gilbert FT Newsletters and Management Reports Maple House, 149 Tottenham Court Road, London WIP 9LL Fax: +44 (0) 171 896 2333

Name:		
	Company:	
J00 1106		
Address:		FT
	Postcode:	FINANCIAL TIMES
Tel:		Newsleners & Muniqueners Reports





Mr David Voss, the managing director of Velo Insurance services, flanked by top car makes ranked by the lowest average accident repair costs.

How the latest models got by Stuart Marshall The many the latest models got by Stuart Marshall Big need not mean beautiful

Direct-injection. turbo-diesel automatic cars offer a seductive combination

Since company cars have been taxed on price, not a mix of price and cylinder capacity, executives have no longer had to stay below the 2.0-litre barrier but have more than 20 attractive multi-cylinder engined cars to choose from.

For a combination of value for money plus mechanical refinement, the Ford Mondeo 24v 2.5 is almost in a class of its own though the equally

Ford Granada/Se

Vauxhall Cavaller

Carlton/Omega/

Peugeot 306/309

Renault 21/Laguna

Citroën BX/Xentia VW Golf/Vento/Jet

A-Benz 1900 Cla

A-Benz Midsize E Class

Peugeot 405

BMW 3 Series

Valva 440/460

Toyota Carina

Saab 9000

THE AUDON

The state of the s

Rover 200/400

Two other cars for userchoosers with £20,000 spending limits and a liking for the good things of motoring such as air. conditioning and automatic transmission are Nissan's QX S (successor to the Maxima) and the Renault Laguna V6 3.0. The 2.0-litre and 3.0-litre V6s powering the Nissan QX S run with turbine smoothness. I also rate the Laguna V6 highly for silence and comfort with vigor-

At this price level there is an agonising choice to be made a multi-cylinder model of a marque that does little for an executive's personal status, and a less highly specified car with a badge that

Audi A6 2.5 TDI 140 SE; for sheer performance and economy this is the diesel executive car to best

10.5

9.8 13.5

10.8 9.5 7.4 6.9 7.0

7.0 8.6 8.2 8.8

Mean discount obtained on specific models (%)

9.0

13.2

14,2 10,8 8.0

10.0

8.3 12.0

8.0

7.7

10.0

Ford, Vauxhall or Renault on the one hand, a BMW or Mercedes - and increasingly an Audi, Rover or Saab - on the other).

if a user-chooser can wheedle

a small amount of extra money out of his company - or chip in a modest sum of his own - a 6-cylinder BMW 3-Series or C-Class Mercedes-Benz becomes possible. And if not, there are always 4-cylinder versions of both cars, sans automatic transmission and air conditioning, to consider, Audi. Rover and Saab have narrowed the gap separating them from the prestigious rear-wheel driven German pair. Perfor-

Size of fleet

50-99

14.3 9.1 9.8 9.1 9.2 7.0 12.0

12.1 12.0

8.5

7.0

15.0

17.0

100-

19.9

20-49

9.8

2.0

8.1

9.6

Cavalier segment, the Citroen Xantia Activa is in a class of its own for keeping driver and sengers in ignorance of bends as well as bumps in the road. Computer-controlled suspension eliminates body roll as well as maintaining a constant ride height and attitude regardless of load distribution. And the new Peugeot 406 is so refined a performer it could be said to have brought Jaguar standards of ride, comfort and silence to the lower managerial In these size/price brackets, the made-in-Britain Japanese trio of Honda Accord, Nissan

lications still nit-pick over han-

dling differences between, say,

an Audi A4, Rover 600 and

Saab 900 that would be revealed only if they were

driven in a way no responsible

person would contemplate.

Most of us could live easily

with any of them. It really

comes down to personal prefer-

ence over things like styling,

the size and shape of the boot

Before leaving the Mondeo/

and seat comfort.

Primera and Toyota Carina E, plus the Dutch-bullt Mitsubishi Carisma, may be short of what Americans call driveway credibility but have just about everything else. They are totally competent vehicles. Rover's decision to pitch the 400 (effectively a Roverised Honda Civic with Rover's own K-series engine) against slightly larger rivals is an interesting reflection of the feeling that big is not necessarily beautiful.

Lower down the ranks standards have risen. The latest Ford Escorts and Peugeot 306s and the newer Renault Méganes and Fiat Bravas are the equal of executive cars in all but size. For larger, costlier (£25,000 to £30,000-plus) cars, senior executives are spoilt for choice. Best value in this segment must be the just under £30,000 Jaguar XJ6 8.2, which offers a superlative ride, more than adequate performance, courtly handling and lots of prestige for little more than the price of the poshest Ford Scorpio or Vauxhall Omega. The latest Lexus LS 400 has achieved the impossible by being even quieter than before. Diesel-engined cars in the

upper reaches of the market

after start-up from cold, they sound and go more like petrolpowered cars. The best engine at present is the in-line 6-cylinder BMW turbo-diesel of 2.5-litres capacity, used in Range Rover and Vauxhall Omega as well as the BMW 3-Series and 5-Series. But for muscularity and general refinement the 2.5litre, 4-cylinder engine with contra-rotating balance shafts used by PSA in the Peugeot 605 and Citroën XM is snapping at its heels.

For sheer performance and economy, the diesel executive and Volvo 850 models powered by Audi's direct-injection 5-cylbhp. Rover's 600 SLD 2.0-litre - and soon the Honda Accord with the same Rover-supplied 4-cylinder, direct-injection, turbocharged engine – offer similar benefits. The fully encapsu-E-Class are not currently turclass leaders for lack of disturthey would run for ever.

As fuel prices rise remorse lessly, a direct-injection turboautomatic car (like the Audi A6) offers a seductive

cars to beat are the Audi A6 inder engine producing 140 lated engines of the Mercedes-Benz C-Class and bocharged. While not in the top rank for vigour, they are bance while idling and feel so unstressed one could believe

combination for a cost-con-

Paugeot 406 GLX/GLXDT: it brings the highest standards within the reach of the lower mans



Mondeo Si 2.5 Vit for value and mechanical referement almost in a class of its own

scious, high-mileage business executive_

Reports of an impending sudden decline in the on-off road four-wheel drive estate car market seem to have been greatly exaggerated though I have never quite understood

luxury car alternatives. But the new generation of multipurpose vehicles like the Ford Galaxy and VW Sharan, Citroën Synergie, Flat Ulysee and Peugeot 906, Renault Espace and Honda Shuttle are

their appeal as executive or attracting users who want lots of interior space and a high seating position but have no need of four-wheel drive. The V6 engined Galaxy and Sharan perform vigorously and ride comfortably enough to satisfy

Mobile communications: by Haig Simonian

ore callers on the line

Devices to monitor speed, engine revs and distance can lead to safer, legal driving

From policemen to plumbers. people are spending more money than ever keeping in contact on the move. Mobile communications have mushroomed as hardware prices have fallen, services have been added and new participants have entered the market.

Companies wanting to equip their fleets with telecommunications facilities now face a bewildering choice of technolis more appropriate than private radio, or whether voice communication should be supplemented with data, are regularly on the agenda.

not, depends on the usage. Big companies seeking quick transmission and receipt of complex information by their staff on the road are more likely to be interested in public access radio than a country-hopping executive, whose priority is frontier-busting

The market falls into four pagers, the oldest and most restricted technology, use radio waves to transmit lim-

 cellular telephony, which is still developing, links up thou-sands of small radio "cells" to provide a nationwide mobile hone service;

• public access radio for either voice or radio. A relatively young medium, which uses the radio frequencies vacated when old-standard black-and-white television broadcasting was discontinued 10 years ago, this offers regional or nationwide radio comunications using private networks, whose capacity is rented out to subscribers. Although public access radio operators have specialised in voice or data, demarcation lines are blurring. Moreover, digital transmissions will eventually become possible now the Radiocommunications

Agency has called for applications to operate a digital, and not just analogue, service. Function is the usual way to

determine which technology is most appropriate for a business. Paging, once very popular, has been largely superceded: although modern pagers can receive short messages as well as simply alerting the user to contact a predetermined number. Data-only services are

restricted - as their name

implies. However, they have

immense possibilities given the amount of information they can be carry. RAM Mobile Data, a leading operator, has signed a framework agreement the Police National Computer Using mobile terminals in patrol cars, officers can contact the PNC in seconds, compared with the minutes it could take to call up at operator by radio to check through data. These services are particularly appropriate for command and control. Using a base, an operator at a company's service centre can be sure to send the right type of vehicle to the right location with the right equipment and nnel on board. Moreover

the driver can receive full

details of the job in hand on an in-vehicle screen, including the sort of complex information regarding the type of equipment to be serviced. The devices can monitor speed, engine revs, distance travelled and even whether a

vehicle is moving or stationary. Such information - receivable in real time - can be used for various purposes. A vehicle's maintainence needs can be precisely tracked to make sure it is brought in for servicing only when required. By monitoring speed, engine revs and braking, the system can also be used to ensure vehicles are being driven safely, econmically and within the law. Drivers' performance can be checked, and remedial action taken if necessary, notes Mr Duncan Purves, director of transport and distribution business and RAM

Such detailed supervision could translate into lower operating costs for the user through reduced fuel and maintenence bills. It could even assist in improving a company's public image by cutting down on poor driving standards or dirty exhaust emissions. Such environmental considerations have been a big factor behind the interest of some big supermarket chains (which often see environmental awareness as an

important competitive considple, uses RAM Mobile Data for engine monitoring purposes. In voice communications. the choice lies between public

phones. The main determinant

Portable phones are more flexible as they can call any number on the phone network

has tended to be cost, with cellular phones being more flexible, but also much more dve, than radio.

Mobile phones offer many advantages. They can be removed from vehicles - not possible with all radio systems, where size and weight restrictions on portabile systems limits their range. Portable phones are also more flexible in that they can call any number on the phone network. Radio systems, by contrast, are restricted to a subscriber comlatest GSM-standard portable phones can be used in dozens of countries, whereas radio networks are limited to nationwide, or, if a user wishes, regional coverage. National Band Three, the leading public access mobile radio operator for voice communications, now covers more than 90 per cent of business areas for its 60,000 customers. But the far greater flexibility of mobile telephones has

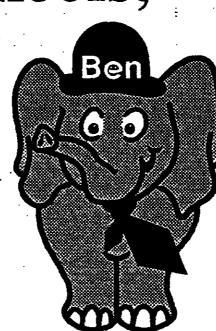
sive than public access radio. while monitoring and control have been much more difficult. The technological restrictions of radio networks also limit the scope for abuse. Personal or international calls are impossible. Excessive usage is eliminated because connections are automatically terminated after 60 seconds.

The differences explain why portable telephony and public access radio has tended to be marketed to different, and seldom overlapping, users. Public access radio has often been selected by companies with "hine collar" workforces, such as tanker drivers, where the geous, but highly frequent, communications, says Mr Nigel Rodliffe, NB3 marketing manager. Portable phones, by contrast, tend to be more the domain of middle management, where calling frequency may be lower, but flexiblity is the kev.

Such distinctions, however, are starting to blur. Cellular some cases have lost business to public access radio on cost and supervisory grounds, are trying to address some of their drawbacks. Complex billing packages are being devised which can make the cost of cellular communicatins more competitive. And companies offering a broad telcommunications advisory service have increasingly tried to market collular telphony in the context of addressing a client's broader telecommuncations needs, including traditional landline services for voice and data. Cellular telephony companies also claim to have overcome the problem of abuse. A variety of software packages available to subscribers can restrict useage to pre-set numbers, check for overfrequent dialilog and even restrict call length, explains Mr Adrian Burholt, product manager at

Such innovations may not be enough to win round all the users who have defected to systems, but they have improved the competitive edge

It has no wheels, no engine, and came out in 1905



So what's it doing in the Motor Industry?

In 1905, whilst the newly born British motor industry was coming to grips with combustion engines and transmission systems, BEN was already giving practical help to people in the motor and cycle industries.

Today BEN helps thousands

of men, women and children in their own homes as well as disabled or retired people in its four residential and nursing

If you would like to know more about BEN or make a donation please call 01344 20191.

Ben



BEN - MOTOR AND ALLIED TRADES BENEVOLENT FUND Lynwood • Sunninghill • Ascot • Berkshire SL5 0AJ Registered Charity No: 297877

It's great

to be so customer dr

At PHH we manage over 150,000 rars and commercial vehicles throughout Europe, with our ensumers' precise needs as our driving force – our people helping your people to keep your lustiness moving.

For a service that puts you in the driving seat, call us now on 01793
884685 to discover all the benefits of working with PHH.

PHH Vehicle Management Set to be so customer driven PHH Vehicle Management Services PHH Commercial vehicles: by George Bennett

uck market slows down

Several different factors, including the general election, have led to uncertainty

The UK truck market is heading for uncertain times after two years of strong growth. Last year, the total market above 3.5 tonnes grew by 17 per cent on 1994, to 52,261, according to figures from the Society of Motor Manufacturers and Traders, but manufacturers are now predicting a 1996 figure of only 50.000

Low registrations in the first quarter of this year gave an annualised figure of 51,291, 2 per cent down on the 1995

The underlying position may be worse than that - perhaps as much as 10 per cent down according to some observers - and was only rescued by a burst of registrations by the Iveco group in the last 10 days

Heavy truck specialists Scania and Volvo expect the heavy truck sector (above 15 tonnes) to decline. Mr Ulf Bundell, the managing director of Scania (Great Britain), says: "The sector won't be as strong as last year; we expect it to end up between five and 10 per cent down on last year, at 29.000-30.000 units." Mr Alistair Robinson, Volvo's general manager for trucks, agrees with the figure, and says that one reason for the reduced demand is better efficiency on the part of operators. He says: "The distribution system is getting more efficient. Five or 10 years ago an FL10 fleet tractor was doing 70,000 miles a year, now 100,000 is not uncommon. People are squeezing more out of their trucks, and the trucks are better built so

they can take it." Leyland Daf, currently second in the overall market (above 3.5 tonnes) with a 17.4 per cent share, paints the most ssimistic picture. Mr David Gill, the managing director says: "There's a feeling that we've seen a significant slowdown in the market, and worse than the first quarter figures

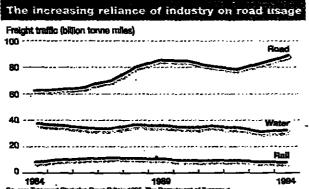
Third-placed Mercedes (17.0 per cent share) is cautiously

cedes-Benz UK's general manager for commercial vehicle marketing, says: "There's been a slow rise in the medium van sector, and that's a barometer for the total commercial vehicle market. The market may be 2 per cent down for the first quarter, but a good September could change that to a

Mr Grigg says that the market is difficult to predict, not least because of the impact of the change over to the new

All the same he says that Iveco Ford had trimmed its predictions for the 1996 market from 56,000 at the start of the year to 50,000 now. He says: "We've always said that the normal replacement cycle meant a market of 52,000-55,000; last year was normal and this year will be normal."

At Mercedes, however, Mr Grigg suggests that the expected upturn in the economy in the second half of the year



tighter exhaust emissions rules, known as Euro 2, which will apply to all trucks registered after October 1.

All manufacturers anticipate a September rush before the deadline as truck operators buy vehicles conforming to the current Euro 1 regulations, introduction of Euro 1 in 1993 caused a considerable distortion in the market, and while most people expect the effect to be less this time round, no one

At Iveco Ford, which accounted for 92 per cent of Iveco group registrations (the rest going to Iveco-owned Seddon Atkinson) Mr Chris Christianson, the marketing operations director, expects the Euro 2 effect to add from 1,000 to 1,500 extra vehicles to the overall figure for the year, about half the increase preceding the introduction of Euro 1.

Mr Christianson is in the optimists' camp. He believes that demand for transport will be boosted by the increase in spending power in the economy from a combination of tax cuts, rebates from water companies and building societies.

might not translate into more

truck sales: "Re-fleeting may

not happen," he says, "because

so much has already happened

after the recession. Another factor affecting the new vehicle market is the oversupply of recent second hand trucks, which has driven their price down, making them an attractive alternative to buying new. Many of these vehicles

A negative indicator is the 5 per cent decline in tractor units

arrive on the market in batches from expired contract hire deals. "The used vehicle problem may not go away." says Mr Grigg.

A further negative indicator is the 5 per cent decline in the tractor unit sector, which led the market out of the recession over the past three years. Sales of specialist construction vehicles remain depressed. with 32-tonne eight-wheelers

optimistic Mr Alan Grigg, Mer- and continuing low interest down 30 per cent. Unlike the past two years, when the heavy end of the market led the recovery, this year the light end is the strongest.

The big contract hire and rental fleets have cut back their buying compared with the past 18 months. Mr Christianson says that last year's boom was created by contract hire and rental companies buying heavy trucks, but now they were being more circumspect. Mr Robinson says: "Smaller operators are continuing to buy at a rate similar to last year's, but the very big opera-tors are slowing down; there are few 100-plus truck deals at

the moment." Mr Tony Pain, Leyland Daf's marketing manager, suggests that contract hire and rental companies are holding back because "they are fearful of the ting into contract hire."

Scania has added a rental arm to its contract hire operation and Iveco Ford has set up a joint venture with Securicon to offer both short- and long-term rental. Both Volvo and Mercedes-Benz have been promoting their in-house contract bire for several years.

Mr Bundell says: "We need to provide that kind of service. Last year 20 per cent of our registrations were through contract hire and we expect that to grow to 25 per cent this

Mr Grigg sees contract hire as part of a range of services it needs to offer, from mainteit's the age of the package sell. The market demands it, and it's an increasing part of our Overhanging the whole

truck market is the general election. It is no surprise that even here, opinion is divided. Mr Christianson says: "The election could knock us off course: it's one of the risks." At Mercedes-Benz UK. Mr David Thomas, director for trucks, was more sanguine: "With new Labour, from a business point of view there would be no change, so a change of government won't affect the market. But many of my customers may not take that view."

George Bennett is the editor of

August's uncontrolled bulge

August rush and the extra the UK August new car sales stocking and other costs "bulge" caused by annually changing the number plate prefix letter has become

enormous and out of its inventors' control. After 30 veers on the loose, it is now in the cross-hairs of industry and government. Soon, they Conceived as a means of helping space sales more evenly through the year - in

the 1960s the peak traditionally came with the New Year in January - the August 1 introduction of a new registration letter at first achieved the intended objective. But the desire to be first on the block with the new letter has become so pervasive - among company car as well as private drivers - that August now accounts for 25 per cent of each year's total sales. July accounts for only around 2 per cent. Dealers report that "August effect" shows up in declining orders as early as May. So sales dry up at the

very time that cash flow is

involved. Workshops become grossly overloaded as August 1 approaches, and feel cyclical aftershocks through the year

up with the Joneses" factor meant incremental sales, now accept that it is anachronistic. Flexible manufacturing and computerised logistics systems mean that an



A prototype: how the new quarterly number plate might look

appear. Most dealers who in the past defended the system on the grounds that the "keeping

industry already under fire for perceived high pricing now has the potential to cut-costs substantially - and boost profits - by adopting

lean distribution methods. If continuing talks between industry, police and government departments progress as planned, by next April a new system will be in place. The fine detail has yet to be worked out; but it is expected to involve a number plate format change at least twice a year, perhaps even

quarterly. Fleet managers cautiously welcome the prospect as potentially making residual value calculations less complicated, as the current value gap between cars sold in the same year but with different number plate letters starts to recede in significance.

A smoother sales flow should ensue. "The UK industry can no longer afford the cost of the August aberration," says Mr Ernie Thompson, chief executive of the Society of Motor Manufacturers and Traders, which has been leading the drive for change.

John Griffiths

Method of altocating type of car(%)							
	Total	Representatives	Middle management	Senior management	Directors/partners	Others	
Specific car model	28	27	19	11	,	33	
Limited range of specified cars	53	46	44	42	26 .	30	
Free choice within a price range	65	29	39	48	65	30	
Free choice up to engine capacity amit	6	4	5	5	4	5	
UK-made car	. 4	5	5	4	4	2	
UK/BC-made car	13	12	11	12	11	10	
Used cars allowed	24	14	. 12	18	21	15	

■ Specialist management: by Martin Derrick

full contract hire option

Outsourcing is a growing trend, but customers are becoming more demanding

Full contract hire may eventually become the preferred option for most company fleets. But for many years to come fleet management can expected also to have a vital role to play. In these circumstances, an external specialist company not only takes on responsibility for operating a company-owned fleet, but also helps with acquisitions, maintenance, repairs, insurance and accident management and then

Mr David Knight, managing director of PHH Vehicle Fleet Services says: "Our figures show that 55 per cent of the fleet market is unserved – the companies buy and operate their fleets entirely in-house. Of the 45 per cent that is cur-rently served by third parties, around 60 per cent is contract hire and 40 per cent variations of fleet management. All the indications are that many of those companies that are currently unserved are now looking at their options - probably considering some sort of finance arrangement first, but then also looking at other services. What is certain is that awareness is growing, but at the same time the market place is becoming much more sophisticated. Clients understand what they expect of a third-party specialist fleet management company and they also know that there is fierce competition for their busines Customers want more for their money and so we have had to evolve our range of products.' Examples he provides are

the provision of accurate information on whole-life costs, and the provision of outsourcing services - in which the thirdparty specialist takes full responsibility for the day-to-day operation of the fleet, including dealing direct with company car drivers and thus reducing the necessity for the company to employ a full

time fleet manager and admin-Mr Steve Dunn, commercial director at Lease Plan, suggests that outsourcing is a growing trend, but agrees that fleet management customers are becoming more demanding: "We used to be asked merely to provide cars at the best rate but now we find our customers wanting advice on finance, on

the benefits packages they are offering their employees, on maintenance policies and insurance policies. We are finding they are prepared to pay more for extra service, though in turn, in order to provide that extra service, we are having to invest more heavily in data links, computers and systems generally. This is because the only thing that discriminates one fleet management company from another is levels of service, information, systems and the speed at which you are able to respond to your customers'

Fleet management will continue to be in strong demand for the foreseeable future because many fleets are still operated without effective management controls, according to Mr Geoff Cobley, managing director of Fleet Manage ment Services. There is no doubt that demand remains strong - but you have to get to know your client and see what

offer a simple choice of contract hire, finance lease or a single fleet management package," he says. Now, he adds, fleet management companies have to target specifically the mix of services that most closely match the precise needs of the fleet.

According to GE Capi-Avis Fleet Services and Le contracts in the UK - bottom line costs remain vitally important to most fleet mana customers. "Quite simply, our job is to help companies reduce vehicle operating costs," says

'Companies are under pressure to be more efficient and more focused'

Ms Teresa LeGrand, president and chief executive officer of GE Capital Fleet Services.

"All companies are under essure to be more efficient and they need more and more to focus on their core business. So the message is getting across that they do not need to own their vehicles - and that even if they choose to do so, they can still profitably out source the management of the fleet. Company managers used only to concentrate on getting now they realise that equal attention has to be devoted to operating costs such as maintenance, repair, fuel and insurance. We can provide an unrivalled depth of management information and data, economies of scale that derive from

are the days when you could sionalism that comes from specialising in this field. What all this means is that we can reduce costs." Meanwhile, many companies

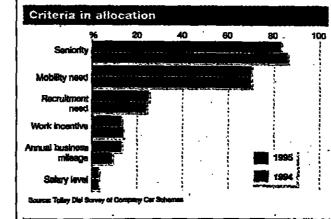
still wish to retain an element of fleet management control in-house. while still concentrating on that all-important cost control. At J. Sainsbury, what is described as the most tal-which recently acquired advanced fleet management system on the market is employed: the Fleet Adminis tration and Control System (Facs) from Godfrey Davis.

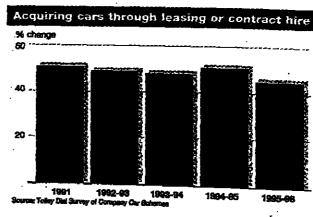
The on-line computer-based system is constantly undated by Godfrey Davis to provide all the information needed for effective fleet management and it also provides full vehicle taxation information and P11D and P46 reporting in order to minimise fleet users administration. The system can also be used for quoting and re-ordering of vehicles as well as analysing costs such as fuel and servicing charges.

Mr Nigel Smith, responsible for the purchase of the J. Sainsbury fleet, says: "Cost control is central to our business and the Facs system provides us with the valuable management information which helps us to achieve this objective.

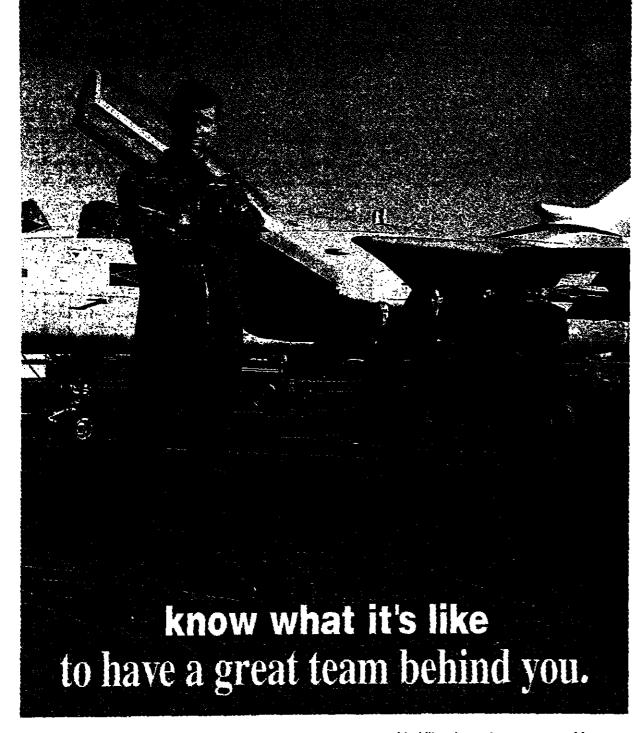
Mr John Lyons, managing director of Godfrey David says: "This technology points to the future of company car fleet management. It gives us the ability to respond to the issues of the day with timely and accurate information, data which enables our customers to take fleet decisions speedily, whilst simultaneously minim-

Martin Derrick is a freelance





	Private use	e by employee c	ategory (%)		
		Middle management		Directors/partners	Others 6
All costs paid	43	42	· 55	79	48
Staff pay for private fuel as they use it	46	44	· 36	15	39
Staff pay fixed cost per mile to cover private use	3	3 .	2	_	9
Staff pay for all fuel their recialing business use at fixed cost per mile	8	11	7	5	9
				Source: Tokay Diel Gurvey o	Company Cor Scheme

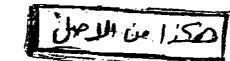


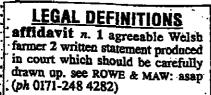
When you choose ACL, you'll be picking a great team. A team with skill and experience. A team with access to the financial and logistical resources of a major international bank. A team of the highest calibre, on which you can rely. Call us now on 0800 269895, and you'll be working with the best.

For contract hire and vehicle management we are the people

HEAD OFFICE: 24 -26 Newport Road, Cardiff CF2 15R Fax: 01222 458729

حكة امن الأصل





Rowe & Maw LAWYERS FOR BUSINESS

IN BRIEF

FINANCIAL TIMES

COMPANIES & MARKETS

OTHE FINANCIAL TIMES LIMITED 1996

Thursday April 25 1996



Compaq reports 42% sales jump

Compaq Computer of the US charged ahead of petitors in the personal computer industry in the first quarter with a 42 per cent jump in sales at a time when its rivals have reported sluggish sales in the US. Net income for the quarter was \$234m against \$216m a year ago. Page 23

Phillips slides in line with warning Philips, the Dutch consumer electronics group, reported a substantial slump in first-quarter profits amid weakening demand for semiconductors and consumer products. The results were in line with a warning issued in March. Page 20

Roche workforce declines 18% Roche, the Swiss drugs company, cut its workforce 18 per cent last year after its \$5.3bn acquisition of Syntex, the US drugs company. Net profits for 1995 rose 18 per cent to SFr3.37bn (\$2.73bn). Page 21

Lucent loses \$103m in opening term Lucent Technologies, the telephone equipment company spun off from AT&T this month in Wall Street's biggest public offering, made a net loss in its debut quarter of \$103m, at the low end of the company's forecast. Page 23

Bank of Scotland puts focus on Asia Bank of Scotland, the UK clearing bank, aims to build on its expanding presence in Australia and New Zealand to "open a gateway" to the Asia-Pacific region. Page 26

May grain futures reach record The Chicago grains market reached another record high when the wheat futures contract for May hit \$6.65 a bushel. Page 29

hire option

ARC Accor Accorita Accorita Acfrospatisie Adrospatisie Alrbus Alerospatisie Alrbus AlledSignal Annersham Anglo-American BET Bank Niaga Bank Tiara Bank of Scotland Bank West Bank Itara Bank of Scotland Bank West Bank Itara Bank of Scotland Bank Tiara Benk of Scotland Bank West Bank Niaga Bank Tiara Benk of Scotland Bank West Bank Niaga Bank Tiara Benk of Scotland Bank West Bank Niaga Bank Tiara Benk of Scotland Bank West Bank Niaga Bank Tiara Benk of Scotland Bank West Bank Niaga Bank Tiara Benk of Scotland Bank West Bank Niaga Bank Tiara Benk of Scotland Bank West Bank Niaga Bank Tiara Benk of Scotland Bank West Bank Niaga Bank Tiara Benk of Scotland Bank West Bank Niaga Bank Tiara Benk of Scotland Bank West Bank Niaga Bank Tiara Benk of Scotland Bank West Bank Niaga Bank Tiara Bank Mannesman Bank Mannesman Bank Milling Bank Niaga Bank Tiara Bank Milling Bank Niaga Bank Tiara Bank Milling Bank	Companies in t	his is	5U0
Acesita Adrospatisle Adroupatisle Adroupatisle Alribus Alleus Bank Niaga Bank Niaga Bank Niaga Bank Niaga Bank Niaga Bank Oscotland Bank West Bank Tiara Bank Oscotland Bank Milang Bank Tiara Bank Oscotland Bank Milang	ARC	26	Kaiping
Aérospetisie Airbus Alenia BiledSignal Arnersharn Argio-American BET Bank Niaga Bank Niaga Bank O Scotland BankWest Bank O Scotland BankWest Barker int* Belgacom Biria June & Inds Bir Tokyo-Mitsubish! Boeing British Aerospace British Telecom British Telecom British Telecom British Telecom Cable and Wireless Cable and Ferring Cable and Wireless Cable and Wireless Cable and Wireless Cable and Ferring Cable and Wireless Cable and Wire	Accor	20	Kaufhof
Albus Alenia 6 Lego Alenia 6 Littlewoods AliledSignal 6 Lockheed Martin Arnercham 20 Lorinto Anglo-American 21 Lucent Bank Niaga 22 MecMillan Bloedel Bank Tiara 24 MecMillan Bloedel Bank Tiara 24 MecMillan Bloedel Bank Tiara 25 McI 24 MecMillan Bloedel McI 24 MecMillan Bloedel McI 25 MecMillan Bloedel McI 26 MecMillan Bloedel McI 28 MecMillan Bloedel McI 29 MecMillan Bloedel McI 29 MecMillan Bloedel McI 29 MecMillan Bloedel McI 20 National Power National Bloedel McI 20 National Bloedel McI 21 MecMillan Bloedel McI 22 MecMillan Bloedel McI 22 MecMillan Bloedel McI 22 MecMillan Bloedel McI 24 MecMillan Bloedel McI 26 MecMillan Bloedel McI 26 MecMillan Bloedel McI 27 National Power National	Acesita	22	Koramic
Alenia AlledSignal Burnersham Carnerocan BET Carnerocan BET Carnerocan BET Carnerocan BET Carnerocan BERN Niaga Bank Niaga Bank Tiara Carnerocan Beark of Scotland BankWest Carnerocan Carnerocan Bearter int'l Carnerocan Carnerocan Bertia June & Inds Bek Tokyo-Mitsubish! Belgscom Birta June & Inds Bir	Aérospatiaie	8	Leskerides
Alleidsignal Alleidsignal Alleidsignal Alleidsignal Ameraham Armeraham Argio-American BET Bank Niaga Bank Tiara Bank of Scotland BankWest Bank of Scotland Bank o		8	Lego ·
Ameriam 28 Londo Argio-American 29 Lucant BeT 28 MCI Bank Niega 24 MacMillan Bloedel Bank Viara 28 National Power Bank of Scotland BankWest 28 National Power Bank Tiara 29 Ninon Medi-Physics Barter int'l 29 Nimura Securities Biria Jane & Indis Biria Jane & Ind	Alenia		
Ameriam 28 Londo Argio-American 29 Lucant BeT 28 MCI Bank Niega 24 MacMillan Bloedel Bank Viara 28 National Power Bank of Scotland BankWest 28 National Power Bank Tiara 29 Ninon Medi-Physics Barter int'l 29 Nimura Securities Biria Jane & Indis Biria Jane & Ind	MiledSional	6	Lockheed Martin
Berk Niega Bank Niega Bank of Scotland Bank West Bank of Scotland Bank West Bank and Scotland Bank West Bacter Int'l Bacter Int'l Bank Tiera Bank of Scotland Bank West Bacter Int'l Bank Mannesman Bacter Int'l Bacter Int'l Bank Miaga Bacter Int'l Bacter Int'l Bank Mannesman Batter International Bank Mannesman Batter Int'l Bank Bank Mannesman Bank Mannesman Bank Mannesman Batter International Bank Mannesman Bank Mannesman Bank Mannesman Bank Mannesman Bank Mannesman Batter International Bank Mannesman Bank Mannesman Bank Mannesman Bank Mannesman Bank Mannesman Batter International Bank Mannesman Bank Mannesman Batter International Bank Mannesman Batter International Bank Mannesman Batter International Bank Mannesman Batter Internati			
BET Bank Niaga Bank Niaga Bank Of Scotland Bank West Bank of Scotland Bank West Bank of Scotland Bank West Backter int' Belgacom Birta June & Inds Birt Taune & Inds Birt Tau	Anglo-American	2	Lucent
Bank Tiara Bank of Scotland Bank of Scotland Bankwest Bankwest Banker int' Belgacom Biria June & Inds	BET	26	MCI
Bank Tiara Bank of Scotland Bank west Bank West Bank West Bank West Bank Bank Bank Bank Bank Bank Bank Bank	Bank Niaca	24	
Benk of Scotland BankWest BankWest BankWest Bekster int' Bekgecom Birta June & Indis Birta June & Indis Boeling Boris B		24	Mannesman
BankWest Backer int'l Backer in		28	National Power
Bexter Int* Belgacom Belgacom Birta June & Inds Boeing Boral Boral Boeing Boral British Aerospace British Telecom Broken Hill CLT CS First Boston Cable and Wireless Cassa Cassa Cassa Cassa Cassa Cans Citibank Compeq Cyprula Arrax Data General Deutsche Telekom Data General Deutsche Telek			Netscape
Biria June & Inds Bir Atripo Allouselid Booling Boral Bortish Aerospace British Telecom British Telecom Cashe and Wireless Casa Cenus Citibank Casa Cenus Citibank Compaq Cyprus Arrax Daewoo Desa Desa Desa Desa Desa Desa Desa Desa		22	
Birlia June & Inds Bk Tokyo-Mitsubish! Brotsia British Aerospace British Telecom Broken Hill CLT CS First Boston Cable and Wireless Gasa Carus Compaq Cyprus Arnax Daewoo Du Pont Deutsche Telekom Du Pont Electratina Fairfax	Belgacom	21	
Bix Tokyo-Mitsublehi Boeing Boeing Borsi British Aerospace British Telecom Broken Hill CLT CS First Boston Cable and Wireless Casa Cenus Citibank Compaq Cyprus Amax Daewoo Dasa Deta General Deutsche Telekom Du Pont Electrafina First First First First First Codyoear Philippines Sony Cutton		24	Paribas .
Boeing Boral Boral Boral Boral Boral Broken Hill CLT CS First Boston Cable and Wireless Casa Casa Casa Citibank Compac Cyprus Arnax Date General Deutsche Telekom Deutsche Telekom Deutsche Telekom Deutsche Telekom Deutsche Telekom Deutsche Telekom		24	Pepal Cola
Borel Bortish Aerospace British Telecom Broken Hell CLT CLT CS First Boston Cable and Wireless Casa Carus Compan C			Phlax Mining
British Aerospace British Telecom British Telecom British Telecom British Telecom British Telecom Broken Hill CLT CS First Boston CS First Boston GSSa Gesa Cerus Citibank Compaq Citibank Compaq Cyprus Arrax Daewoo Data General Deutsche Telekom Du Pont Electrafina Fairfax Fairfax Fairfax Fist First First Fist Fist First Fist Fist Fist Fist Fist Fist Fist Fi		28	
British Telecom Broken Hill CLT CS First Boston Cable and Wireless Gasa Gasa Canus Citibank Compaq Citibank Compaq Cyprus Arnex Deawoo Casa Cata Compaq Courseche Telekom Coutsche Telekom Coutsc		ě	
Broken Hill CLT CLT CS First Boston Cable and Wireless Casa Carus Catibank Compac Cyprus Arnax Daswoo Data General Dautsche Telekom Data General Catifor Colifor Framilington Sime Sime Sime Catifor Colifor C		18	
CLT 20 Rediand Rentokil 18.28 Revoo 6 Rite Ald 20 Roche 20 Saath 20 Roche 2			KWE
S First Boston Cable and Wireless Gasa Carus Carus Citibank Compaq Cyprus Arnax Daewoo Dase Data General Dur Pont Cable Signe Derby Pilipinas Sorry Cata General Coutsche Telekom Cause Cata General Cata Arica General Cata General Cata General Cata Cata General Cata		20	
Cable and Wireless Gasa Gasa Gasa Gasa Gasa Gasa Gasa G		19	
Casa 6 Rite Ald Roche 20 Saach 20 Saach 22 Sam Miguel 22 Siemens 22 Siemens 23 Sam Miguel 22 Siemens 23 Sam Miguel 22 Siemens 24 Sieme Darby Pilipinas 25 Soray 25 Sorate Company 20 Stat 25 Stora 25 Soray 25 Sora 25 Soray 26 Soray 27 Southern Company 26 Stora 27 Southern Company 27 Stat 27 Stora 28 Sumitorno Chemical 27 Signal International 28 The Telegraph 29 Siemens 24 Visag 25 Siemens 26 Visag 27 Viedotron 27 Visits 28 Visag 28 Visag 29 Viedotron 28 Visag 29 Viedotron 29 Viedotron 29 Viedotron 29 Viedotron 29 Viedotron 29 Viesem Mining 29 Vienarberger 20 Vienarberge		18, 26	
Cerus Citibank Citibank Compaq Company			(MATON
Citibanik Compaq Compaq Compaq Compaq Compaq Compaq Company Co		20	
Compact 23 San Miguel 22 Siemens 22 Siemens 22 Siemens 23 San Miguel 22 Siemens 24 Sieme Darby Pfiliplinas 25 Sorry 26 Southern Company 27 Stat 28 Stora 28 Sumitorno Chamical 28 Stora 29 Sumitorno Chamical 29 Sumitorno Chamical 29 Stat 29		20	
Cyprus Armax Daewoo Data General Data Genera		23	
Daswoo Dasa Dasa Dasa Dasa Dasa Dasa Dasa Da	Dynama Amax	22	
Data General Data	Datwino		
Deta General 22 Southern Company 22 Stat 22 Southern Company 23 Stat 25 Stat 2		8	
Deutsche Telekom Du Pont Electrafina Fairfax Fairfax Fairfax Folkier Framilington 3M Shencer Shencer Shencer Shobeleter Shodyear Philippines Lipage-Lloyd Joilinger Int'i graft International Sillom Shencer S			
Du Pont 23 Stora Clectrefina 20 Sumitorno Chemical Fairfax 1 Sun international Fairfax 6 20 Teledesic Framilington 26 Telegraph 3M 6 UAP Sencer 2 USAIr Sencer 19 Uinsys Slobaletar 5 Veba Scodyear Philippines 24 Viag Lapag-Lloyd 10linger Int'i 1 Volvo Light International Fairfax 1 Viagnation Internation I		20	
Electrafina 20 Sumitorno Chamical Suri International Sun Internati		23	
Feirfex 1 Sun International Feir 6, 20 Teledesic Foldier 6 Telstra Framilington 26 The Telegraph 3M 6 UAP Sencor 2 USAir Seneral Motors 19 Unisys Spoodyear Philippines 24 Viag Sepag-Lloyd 10 Viago V	Electrefina	20	
Fiet 6, 20 Teledesic Colvier 6 Telsura Framilington 26 The Telegraph 28 The Telegraph 28 The Telegraph 28 The Telegraph 29 USAir 39 USAir 39 Usair 30 Usair 6 Vebs 30 Usair 9 Vebs 30 Usair 9		1	
ramlington 26 The Telegraph 2M 6 UAP 3P 3P 2 USAir 5P 2	iat	6, 20	
SM 6 UAP Sencer 2 USAIr Sencer 19 Unisys Selected 4 Vebs Scotyear Philippines 24 Viag Ispag-Lloyd 20 Viedotron Island 1 Volvo International 2 Western Mining Schum 6 Western Mining Westernberger	Fokker		
Sencer 2 USAIr Seneral Motors 19 Unisys Slobalstar 6 Veba Scodyear Philippines 24 Viag sapeg-Lloyd 20 Viedotron I Volvo spart International 2 Western Mining Mining 8 Wienerberger	ramlington		The Telegraph
Seneral Motors 19 Unisys Shoral Motors 5 Vebs Scodyear Philippines 24 Viag Sepag-Loyd 20 Viedotron Hollinger Int'l 1 Volvo Spatt International 8 Wienerberger	3M -	_	UAP
Slobalstar 5 Vebs Scotyear Philippines 24 Viag sipped-Loyd 20 Visidotron I-bilinger Int'! 1 Velvo Spatt International 2 Western Mining Schum 5 Wienerberger	Sencor		
Scodyear Philippines 24 Viag spag-Lloyd 2D Viedotron collinger Int'l 1 Volvo Western Mining 2 Western Mining 5 Wienerberger	Seneral Motors		Unisys
lspeg-Lloyd 20 Viedotron lollinger int'l 1 Volvo igett international 2 Western Mining Silum 8 Wienerberger		-	
tollinger Int'l 1 Volvo igett International 2 Western Mining dium 8 Wenerberger			
graft International 2 Western Mining Silum 5 Wienerberger	lapeg-Lloyd		
dium 6 Wienerberger	lollinger Int'l	_	
	gratt international		
<u> </u>	Silum	6	Mieuerperger
Market Statistics	Market Statistic	s	

arket	Statistics

Annual reports service	32,33
Benchmark Govt bonds	30
Bond futures and options	30
Bond prices and yields	30
Commodities prices	29
Dividends announced, UK	26
EMS currency rates	31
Eurobond prices	30
Found Internet Indices	30
FT/S&P-A World Indices	48

Foreign exchange Gibs priças London share service Stront-term int reter

FT Gold Mines Index Chief price changes yesterday

Baiersdorf		•	133	Legits	250.1	•	5.0
PMA		+	6.5	Pleaset Printing	1500	+	77
Poreche		+	17	Veltourec	262	٠	10.5
- Constitut		+	8	Pells			
Schmidtach Lid	251	+	13	Accor	773	-	19
Palle				TOKYO IYani			
Shelmenton Pri	177	-	- 10	Risse			
NEW YORK S	0			Arabian (III	5210	+	110
Rises	•			Record Tasset	347	+	47
Compact Comp	47%	+	344	Kawasaki Kisas	409	+	12
Sturnot Tech	28h	+	214	Sauden	·-786 ··	+	- 31 ·
Times Miner	54 -	+	444	Supitorno Pilo	859	+	36
Fells				Tolgo Bits		·	11
siati Pimer	34%	_	214	HONG KONG		•	••
Powersto	3514		214	· Rices	*		
Revon	237		234	Hal Stos	1.38		0.44
LONDON (Per	leel			Leeding Spirit	2.69		4
Nices				CERTAIN STATE	LOCI		11.15
Andrews Solut	300 -		22	Militard Resity	3.625	.*	ш.
Rentalla		•	11	Habitatis (ages).	تعطي	•	0.225
Dolly And A	1623		123		•	•	0.223
Tolograph			96				
Pelle		٠.	-	Sing Tag	4.47	,	
Valencia Sac	371 -		40	` -		+	0.3
	324	_	79	Tai Ping Carpts	25	+	0.25
Southern Flac		•	••	Paris.			
TORONTO (CI	7			Teinglac Brev	1.97	-	0.155
Ricos			5.38				
Cativide, El	39 4			жанокок (ж	-		i
intere Plan	128		1 15	Rises			· i
Pointred Sym	7.5	r	0.9	intedito los	84		5
Falls						•	
ACCIONI SIN	11.75 -		0.65	Krangabag	138	•	11
Object Page B	10 -	•	0.75	Post Publish	191	•	-17
Scientific A	195 -		8.75				
PARES (FFF)			-	Jack Cive	30.25	-	4.75
Rigge				Nonemen	29	-	4.75
Descrip Comp	571 4		34	Scorpagner LAG	23	-	25
							_

Bonds spur 13-fold rise at Nomura

Nomura Securities, the largest of Japan's "Big Four" stockbrokers, signalled the end of the long drought for the country's securities companies yesterday when it declared a 13-fold increase in pretax profits for the year to the end

The improvement was largely the result of substantial gains in the bond market caused by the sharp fall in interest rates during

Recurring profit - before extraordinary items and tax - at the parent company, rose from and a recovery in the equity mar-

the first banker on Wall Street to be

A 35-year-old who jointly runs

mergers and acquisitions at CS

First Boston, Mr Finn has been at

the centre of some of the most

prominent mergers and acquisi-

tions in what has become Wall

Street's biggest takeover wave.

He advised Seagram, the Cana-

dian drinks group, on its acquisi-tion of MCA, the entertainment

concern and IBM on its unusual

hostile bid for Lotus, the US soft-

However, one of the most nota-

ble - and most discussed -

things about Mr Finn is his lack

of prominence in the media and

his understated style. Mr Finn comes across as a sort of

high-powered, but otherwise unremarkable, technician.

It is a far cry from the 1980s,

when two predecessors at First Boston - Mr Bruce Wasserstein

and Mr Joseph Perella - defined

the high style of the Wall Street

hired gun. The change is no acci-

mythologising indulged in by

investment bankers during the

last takeover wave, there is

agreement that Wall Street needs

to present a different face to the

more - they [just] want quality advice," says Mr Finn. "There's

been something of anti-star back-

lash." The First Boston banker

adds, though, that his style,

which he defines as low-key,

comes naturally. Mr Finn is not

alone is sensing the backlash. A

counterpart at another bank

says: "We're all being paid these

days to make our clients look

smarter - then they come back

And a well-known figure at a third leading investment bank,

explaining why he does not grace

the pages of glossy magazines, adds: "Everyone realises it

caused problems and resent-

"Clients don't want stars any-

corporate world.

and use us again."

ware company.

famous for not being famous.

by any Japanese stockbroker for five years. Operating profit was Y90.5hn (\$845.8m) on total revenues of Y432bn, up 29 per cent. The results were in line with Nomura's forecasts.

After-tax profit grew just 15 per cent to Y23.1bm, as a result of a Y23bn charge for disposing of 26 of the company's 30 mainframe

Nomura's results are the most concrete evidence yet of improving conditions for Janan's securities houses, which are benefiting from a favourable bond market

Bankers present fresh face to corporate world

as to one's lifestyle."

The change in style is not the

only thing that is different about

Wall Street in the midst of its

latest mergers and acquisitions

spree. Some of the most promi-

nent advisers from the 1980s,

though present, have played

minor roles in the current

reshaping of corporate America:

Mr Wasserstein, Mr Bob Green-

hill and Mr Eric Gleacher, big

names from the 1980s, no longer

A notable exception is Mr Per-

ella, who has arguably become

Wall Street's top dealmaker since

moving to Morgan Stanley-two

years ago and has advised on

deals such as the Ciba/Sandoz

merger (though Mr Perella, too, avoids the limelight these days).

But it is a new generation of

bankers which has led the

charge. Many of them are special-

ists rather than old-fashioned

generalists, reflecting the move

by Wall Street houses, as they

have grown, to organise them-

selves around industry groups. They include people such as Mr

Steven Rattner, a media and tele-

communications banker at Laz-ard Freres, and Mr Gary Parr, the

Morgan Stanley adviser credited

with masterminding a restructur-

ing of the US insurance industry.

changed, though, the banks

which dominate the M&A busi-

ness remain the same - another

indication, perhaps, that the

M&A fees paid to

1995

investment bankers

While some of the faces have

command centre stage.

ing stocks has now risen more point last summer. Nomura's profits are still a far

cry from the late 1980s, when stock trading volumes of 1bn shares a day helped it to record annual pre-tax profits of well

Nomura said stock brokerage commissions rose 15 per cent to Y105.6bn, while bond brokerage commissions were up 68 per cent to Y29.8bn, thanks largely to gains in the convertible bond

Underwriting commissions

tables of advisers.

over Wall Street?

not as big as they once were.

to compete for M&A talent.

Mr Richard Barrett, a former

who runs the financial institu-

tions group at Union Bank of

Switzerland in New York, says

the Europeans, having focused

most of their recruiting up to

now on the capital markets side.

are turning their attention to

advisory businesses such as

M&A. He concedes, though, that

challenging the established Wall

Street houses will be tough - par-

ticularly given their concentra-

The newcomers are also trying

to grow through industry focus.

Mr Barrett says UBS is trying to

develop an investment banking

tions, energy and high-tech sec-

tors - the same areas targeted by

Mr Carter McLelland, head of

Deutsche Bank Morgan Grenfell.

This month, Deutsche scored a

coup, luring a highly regarded team of high-tech investment

bankers from Morgan Stanley.

ence in the financial institu-

tion on industry specialisation.

were mixed. The company under-wrote bonds with a total value of Y3,340bm, up 8 per cent, but this trailed the market. There was a 22 per cent fall in the total value shares underwritten to Y305bn. Total underwriting commissions fell 11 per cent to ¥43.5bn.

The really substantial gains came from bond trading. Short and long-term interest rates hit a low last summer, and have risen only slightly since. As a result, Nomura's net gain on its propri-etary bond trading was up 179

per cent to Y71.5bn. Net interest and dividend

income rose 39 per cent to Y58.54bn. Distribution commissions, mainly from investment trust business, were relatively strong at Y30.8bn, a 9 per cent advance.

The company struggled to control costs. Overall selling, general and administrative costs rose 3 per cent to Y321.7bn. Staff numbers have fallen about 10 per cent from their peak of five years ago.

The broker will pay a dividend of Y11, an increase of Y1, to mark the 70th anniversary of its foundation. It will publish its consolidated results next month.



yet represent much of a threat to the established banks, there are signs that fee levels may be under pressure. While takeover activity in the US reached a record last year, the fees paid to investment banks failed to top \$1bn (see chart).

That reflects the decline in more highly-rewarded hostile and leveraged transactions. However, it is also a result of growing competition, says Mr Rattner at Lazard - though, he adds, it is "very much at the margin".

The increasingly international nature of the takeover business is also likely to change the competitive ground rules, playing to the strengths of the biggest banks. "The landmark transactions have become more global in nature," says Mr David Deming. a managing director in the M&A department at J. P. Morgan. For now, though, the takeover

activity is benefiting mainly the established names. Says Mr Rattner: "Am I worried about losing a piece of business to Deutsche Bank? No. With the exception of J. P. Morgan, which has done terrifically, the rest of them don't

This announcement appears as a matter of record only

Richard Waters

FedEx criticises 'restrictive' **UK** policy

By David Owen in Paris

The chairman and chief executive of Federal Express, the world's largest express parcels group, has attacked the restrictive nature of UK aviation pol-icy, saying the government's attitude had undergone a profound change since Sir George Young took over as transport secretary from Mr Brian Mawhinney in July last year. Mr Frederick Smith's remarks

came as Federal Express announced an expansion of its main European distribution centre at Paris Charles de Ganlle airport. It said the move could result in \$200m of investment over 10 years and the creation of up to 3,000 jobs.

The company said the French expansion would not result in its UK cargo operations at Stansted Airport in Essex being diminished "in any way".

Stansted, however, had not been considered a possible site for the new investment, according to Mr Smith, because the "British aviation regime is highly restrictive and does not lend itself to that". He added that the government

was not "of a liberalised mind at the moment" and that the restrictive regime in the UK costs it business".

There are at present tight restrictions on the movements of US cargo airlines operating from the UK. These have been the subject of negotiations between the US and UK governments, with the US demanding greater free-dom for US cargo operators. Mr Smith was "certainly not very optimistic" about an accept-

able deal being hammered out in the near future. "I think the aviation policy of the UK since the change of secretary of state has undergone a profound change."

The company said the French covernment had assured it that, in the event of industrial action or civil strife such as that which brought the country to a virtual standstill late last year, its operations would be "handled on a priority basis". The strikes forced the group last December to move its main European distribution centre temporarily from Paris to Stansted.

The company, which recently established an Asian distribution centre at Subic Bay in the Philippines, is the world's largest freight carrier. In 1994, it carried 3.2m tonnes of cargo, more than three times as much as Germany's Lufthansa, its nearest freight competitor.

Mannesmann in accounts attack

THE RESERVE AND THE PARTY OF THE PARTY.

Mannesmann, the German

mobile phones to tanks conglomerate, yesterday called other lead-ing German companies "wrongdoers" for adopting US-style accounting procedures when German companies should be showing a united front against competing international standards. Mr Klaus Esser, finance director, said companies such as Daimler-Benz, Bayer and Veba should not have opted for US accounting standards, a move which had created "confusion"

man accounting standards. Speaking at the annual press conference at which the group

for smaller groups still using Ger-

to ensure that at least two fea-tures of the present German accounting procedures were preserved if, as planned, the various international accounting bodies can agree on a common international standard by around 2000.

He said German companies which practise more conservative accounting than their Anglo-Saxon counterparts, should be allowed to treat start-up losses more conservatively and to use the so-called completed contract method, whereby large projects such as plant contracts can be treated over a number of years rather than immediately a contract is

The group, meanwhile, said preliminary figures showed firstquarter sales had risen to DM7.1bn (\$4.67bn), 3 per cent up on a year earlier, while new orders had slipped 2 per cent to DM9bn. First-quarter earnings were higher than during the same period last year, said Mr Joachim Funk, chief executive. However, Mr Funk warned there was no end in sight to the "dip" in the German economy which began in the second half of

weakness will last." The group's exports are likely, however, to benefit from the slowly rising dollar which Mannesmann had forecast at a level of DM1.45 for this year but which sterday stood at DM1.52.

1995. "Today we can only guess

about how long this period of

Mr Funk said the company hoped to announce a foreign partner for Mannesmannrohr, its seamless pipe operation which has sales of about DM1.6bn.

Saab plunges back into losses

By Hugh Carnegy in Stockholm

Saab Automobile plunged back into losses in the first quarter of the year, underlining the task facing co-owners General Motors and the Wallenbergs in their struggle to secure a stable future for the Swedish carmaker.

A 12 per cent fall in car sales and high product development and marketing costs pushed Saab to a loss of SKr333m (\$50m) in the first three months, compared with a profit for the same period last year of SKrillm.

Saab's loss cast into doubt whether the company will be able to achieve a profit this year surplus in 1995. Mr Keith Butler-

Wheelhouse, chief executive, warned that heavy product development costs and a step up in marketing efforts would hit performance throughout the year.
"It is very hard right now to say whether we will be able to stay in the black this year. The margins over this year and next

year are going to be very tight,"

the company said.

Saab has been a heavy lossmaker for most of the period since GM bought a 50 per cent stake and took over management control in 1989, achieving a fullyear profit only in 1994 and 1995. a slide back into difficulties in the third quarter last year apparently prompted investor, the Wailenberg holding company which owns the other 50 per cent, to question Saab's future. Both GM and Investor have since restated their commitment to Saab and are discussing with banks a new financing package to fund efforts to produce new models and increase low volumes. A decision is expected next month. Together, the two owners have pumped in more than SKr8hn in capital since 1989. Turnover fell from SKr5.3bn to

SKr4.56bn. Operating income slumped from a SKr252m profit to a loss of SKr147m. In North America, Saab's biggest market, car sales fell 21 per cent to 5,900

Volvo warning; Fiat results,

TOTAL FINANCING OF £12,092,000 ACQUISITION OF **FROM** THE DEPARTMENT OF TRANSPORT BY THE TRANSPORT RESEARCH FOUNDATION Structured, Led, Arranged and Underwritten by **HSBC Private Equity** Advisers to Management of TRL Capital Strategies Ernst & Young Corporate Finance Debt arranged and underwritten by NatWest Markets **HSBC Private Equity Europe Limited** 10 Lower Thames Street London EC3R 6AE Tel: 0171 260 9911 Fax: 0171 260 7265 REGULATED BY IMRO

COMPANIES AND FINANCE: EUROPE

prospects despite first-quarter drop

By Andrew Hill

Pre-tax profits at Fiat, the Italian automotive and industrial group, fall 24 per cent in the first three months of this year and operating margins were significantly down on the first quarter of 1995.

The news, which coincided with Fiat's annual celebration of its products at the Turin motor show, disappointed analysts and took the edge off the company's announcement that 1995 group profits had doubled to L2,147bn (\$1.38bn)

Fiat also proposed doubling its dividend to L100 per ordinary share, and increasing the payout to savings shareholders from L110 to L130 a share.

Separately, Mr Giovanni Agnelli, now honorary chair-man of Flat, yesterday con-firmed that his family would buy the 2 per cent stake in Fiat that Alcatel of France has said it wants to sell.

Operating margins in the first quarter slipped from 4.4

per cent to 2.5 per cent, which Fiat blamed on reduced profitability in Brazil, the strengthening lira and heavy price competition in Europe. Profits reached L464bn before tax in the quarter, against L608bn in

the equivalent period. Fiat said it was still increasing sales and market share with the help of new models The group added that it had budgeted for the first-quarter downturn and expected "a significant improvement" for the rest of the year.

Group net profit rose from L1,011bn to L2,147bn in 1995 and parent company profit from L56bn to L515bn. The increase was heralded in

January, in Mr Giovanni Agnelli's last letter to shareholders before his retirement The strength of Brazilian

operations and the weakness of the lira were both important factors in Fiat's recovery from record losses in 1993. Brazil contributed an estimated L600bn-L650bn in profit last

Volvo chief signals weaker first quarter

By Hugh Carnegy

Volvo, the Swedish car and truck manufacturer, warned that sales of both cars and trucks were lower than in the same period last year, apparently signalling weaker first quarter results due next week. Mr Sören Gyll, chief executive, added that the group, which is battling to carve out a

future as a medium-sized independent manufacturer, would seek "effective and in-depth co-operation with sub-suppliers, other automotive manufacturers and development companies" in its effort to remain

But Mr Gyll reiterated Volvo's commitment to a heavy programme of investment in "strategically important areas" period last year, especially in designed to secure its Europe.

long-term independence. He said its target over an industry cycle was to achieve an average return on capital of 12-15 per cent and operating margins

His remarks to Volvo's annual shareholders' meeting in Gothenburg were well received by investors, prompting the group's most-traded B share to rise SKr4.00 to SKr159 on an otherwise weak Stock-

of 5-7 per cent.

holm bourse yesterday. Mr Gyll said sales of Volvo trucks in the US and South America had been weak so far this year. Volvo said it expected total truck sales in Brazil, one of its main markets, to fall to 15,000 vehicles this year from 25,000 in 1995.

Car sales had also been weaker than during the same

Fiat confident on Philips slides in line with warning

Philips, the Dutch consumer electronics group, yesterday reported a slide in first-quarter profits amid weakening demand for semiconductors and consumer products.

Operating profits for the three months ending March fell from F1940m in the same period last year, to Fi 690m (\$406m). The results were in line with a warning issued in March. Net profits from normal busi-

ness operations slipped from F1544m to F1377m. Owing to a FI 115m jump in extraordinary income to FI 315m, associated with a public offering of Philins' shares in ASM Lithography, the group made a net profit of Fl 692 against the Fl 744m of last year. Overall turnover advanced 7 per cent

The group was cautiously optimistic that its troubled consumer division would end, and that its earnings from normal operations would at least match the Fl 2.68bn of

Mr Dudley Eustace, finance director, said Philips had based this forecast on the expectation of a modest economic revival in North America and Europe for the second half of this year. Because of organisational changes, all divisional figures were restated for purposes of comparison.

In components and semiconductors, Philips managed a 17 per cent increase in volume sales to Fl 2.89bn, while operating profit fell from F1510 to F1496m year-on-year. This decline was attributed to a strong erosion in semiconductor prices, especially for bulk memory and commodity chips in North America and Europe. The profitable components unit was able to "hold its own" and in some cases push through higher prices, and

growth was more vigorous for

Mr Eustace cited independent market research indicating that the overall market in which this division competed was still softening in North America but had stabilised in Europe.

He said Philips had not yet decided whether to float a shareholding in Taiwan Semiconductor Manufacturing Company in the second or third quarters of this year, but it intended to remain the single

In the consumer products sector, Philips slipped from a profit of F1162m to a loss of F152m on 3 per cent higher sales of F15.13bn. Mr Eustace said the company hoped lower costs and better inventory management would enable it end of the year.

Results at Grundig, Philips' loss-making German subsidiary, were worse than last year but in line with expectations.

Although "on target" with its rationalisation plan, the unit would probably end the year in

Philips' strategic push into mobile communications was a drag on the consumer divisions' results had been. Mr Eustace said these activities, which ranked "9th or 10th in the world" after such market leaders as Motorola, Ericsson and Nokia, would likely show a loss this year and next.

the red.

Philips confirmed that its new software and services sector – which groups its interests in PolyGram, Philips Media, Origin and Superclub - was one of nine bidders for MGM. the Hollywood film studio. Sales for this division advanced 3 per cent on a com-parable basis to F12.44bn, but earnings slipped from Fi 180m to Fl 162m.

The lighting division, tradi-tionally a cash cow, delivered stagnant sales of Fl 2.16hn and a Fl 4m drop in operating results to Fl 274m.

of 1.13, which is encouraging

and which has not deteriorated

since the end of 1994." He said

the improved performance by

KWU, Siemens' energy unit,

was particularly encouraging.

The strong rise in interna-tional orders was largely the

result of growth in Asia-Pacific

(up 25 per cent) and in the

Americas (up nearly 15 per cent). Total sales rose 6 per

cent to DM42.3bn, made up of a

14 per cent rise in interna-

tional business and a 5 per

Of the divisions, the semi-

conductors group has remained the most profitable

part of the company. The com-

munications and components

business experienced

double-digit order growth. The

transport unit suffered a

decline in Germany which

cent decline in Germany.

NEWS DIGEST

Stet increases its full-year dividend

Stet, the state-controlled Italian telecoms holding company. proposed an increased full-year dividend of L130 per ordinary share, against L110 last year, and L150 per savings share. against L130. The centre-left Olive Tree political alliance. victorious in Sunday's elections, has said it aims to sell off the state's majority stake in Stet by the year end.

Stet's net profits 30 per cent rose to L2,452hn (\$1.58hn), while parent company profit up 23.5 per cent to L1.104hn. Stet, which controls Telecom Italia and Telecom Italia Mobile, achieved sales of L37,400hn in 1995, against L33,752hn a year before. Andrew Hill, Milan

Frère builds CLT holding

Mr Albert Frère, the Belgian financier, acquired through his Groupe Bruxelles Lambert a substantial additional stake in Compagnie Luxembourgeoise de Télévision, the media group at the centre of a European television battle. Paribas, the French financial institution, sold a 15.6 per cent stake it held in Audiofina, which controls CLT. Union des Assurances de Paris, the French insurance group, ceded its 1.6 per cent stake to the same purchaser. The sales to Electrafina, controlled by Mr Frère, increased his direct or indirect stake in CLT

Accor boosts income 38%

Accor, the French-based leisure group, announced 1995 net income up 30 per cent to FRr923m after substantial exceptional items including asset sales. The group also provided details of its proposed share-swap to acquire the outstanding 26.3 per cent it does not hold its parent of the US-based Motel 6 chain. Shareholders would receive 3 Accor shares for every 11 IBL shares. Turnover fell 7.3 per cent to FFr31bn (\$6hn), while operating profits rose 30 per cent to FFr1.3bn. Exceptional gains were FFr643m against FFr237m, including capital gains on the sale of Eithor, a catering business, to the UK Compass group. Net debt fell 9 per cent to FFr19.4bn. Mr Gérard Pélisson, joint chairman, said he had identified scope for further asset sales of FFr5bn-FFr6bn during 1996-97

Cerus back in the black

Cerus, the French holding company controlled by Italian industrialist Mr Carlo de Benedetti, confirmed it was prepared to sell its 27.7 per cent stake in Valeo, the French automotive components group at the right price. But Mr Michel Cicurel. Cerus managing director, insisted it would not be a forced seller and would demand a big premium. "We believe that the prospects for Valeo in the next few years are brilliant", he said. His comments came as Cerus announced a return to profitability after a FFr675m loss in 1994. Net income for 1995 amounted to FFr60m. David Owen, Paris Kaufhof, the German retail group, said group sales climbed

3.7 per cent to DM5.755bn (\$3.78bn) in the first quarter. It said it would be able to increase earnings above 1995's figure of ■ Deutsche Telekom, the German telecoms operator due to be partially privatised later this year, said it had appointed Citibank as the depository bank for the American Depositary

Receipts (ADRs).

Michael Lindemann, Bon

Hapag-Lloyd, the German shipping and tourism group,
increased operating profits 20 per cent to DM280m (\$184m) in Mirhael Lindemann, Bonn 1995, helped by a turn-round in its container division from a DM15m loss to a DM45m profit. It will increase its total dividend by DM2 to DM16.

FUR AN EPPICIENT

Charles Batchelor, Transport Correspondent

RERKELEY FUTURES LIMITED \$6 DOVER STREET, LONDON WIX SRB TEL: 0171 629 1180 FAX: 0171 495 0022

FUTURES AND OPTIONS TRADING

Clearing and Execution Service 24 hr.
Contact: Dencar Duna
Tel: + 44 171 329 3030

Fax: + 44 171 329 3919

MARGINED FOREIGN

EXCHANGE TRADING

Fast, Competitive Quotes 24 Hours

一個教

1

- 😨

* 12 * 25

with last year's figure. Mr Peter Thilo Hasler, ana-By Wolfgang Münchau in Frankfurt lyst at Vereinsbank Research, said that "Siemens has a book-SIEMENS Siemens, the German electto-bill forder to turnover? ratio

to Fl 15.63bn.

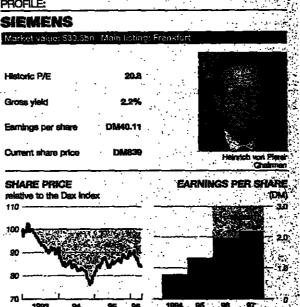
ronics group, yesterday main-tained that it was "on target" to achieve its forecast of net profit growth of between 20 per cent and 25 per cent in its current fiscal year.

The group reported yesterday that net profits during the six months to end-March rose from DM939m to DM1.08hn (\$711.5m), a 15 per cent increase, but the company traditionally earns the largest part of its income in the second half.

target will depend on a sus-tained favourable exchange rate - following the D-Mark's recent modest depreciation against other currencies - and the general economic outlook. The group gave no profit breakdown of its divisions, but all units, except the fledgling

Siemens' ability to meet its

networking division, are believed to be on course for profits by the end of the fiscal year. The German economic downturn has affected Siemens' industrial activities. including the automation and plant construction units, but there was at this stage no sign



Siemens 'on target' after midterm gain

of recession, it said. Siemens warned, however,

Germany's second-largest

industrial company after Daimler-Benz. that it was sticking to its fore-Orders rose 5 per cent, mainly due to strong demand cast of 7.000 job losses in its German workforce by the end from abroad (up 8 per cent), of the fiscal year. Siemens is while in Germany orders only

rose by 1 per cent compared

overshadowed an improved international performance.

Siemens also said "costsavings reforms in the public health sector led to a drop in domestic orders for the medical systems group." Lex. Page 18

PETROFINA

Since the quorum was not reached on April 22, Messrs, shareholders are convened to attend a second EXTRAORDINARY MEETING in Brussels, at 52 rue de l'Industrie, on MAY 10, 1996 at the end of the Ordinary Meeting, with the same agenda: - Proposals for resolutions to amend the Articles of Association: 1. In Article 1, to replace «Petrofina» by «PetroFina» and add: «It is, within the meaning of company law, a public company. It is listed on the stock exchanges of Brussels, Antwerp, Paris, Amsterdam, Frankfurt, Zurich, Geneva, Basle and London.» 2. In Article 4, to add at the second paragraph the words «and in accordance with company law». 3. To 4, to add at the second paragraph the words «and in accordance with company law». 3. To replace Article 7 by :«The aforesaid shares are paid up in full. They may be either bearer shares or registered shares, as the shareholder may elect. The company may issue shares to be held in dematerialised form either by an increase in the share capital or by the conversion of shares existing as bearer or registered shares into shares to be held in dematerialised form. Any shareholder may call for the conversion of its shares into bearer shares, registered shares or, as the case may be, shares to be held in dematerialised form». 4. a) Special Report of the Board indicating the specific circumstances in which it may use the authorised capital and the objectives which it will follow in so doing. b) in Article 9, : - to replace paragraph 4 by the following paragraph: «The Board of Directors may increase the subscribed corporate capital on one or several occasions by up to an amount of fifteen (15) billion francs according to procedures established by the Board, either by issuing voting or non-voting shares, by issuing debentures convertible into shares or with subscription rights or redeemable in the form of shares, or by issuing subscription rights. The increase in capital decided pursuant to this authorisation may be carried out via contributions in cash or by contributions not in the form of cash within the limits permitted by company law, or via the incorporation of issue premiums or reserves into capital, whether available or unavailable for distribution, with or without an issue of new shares.» - to replace paragraph 5 with the following paragraph: «This authorisation is granted for a period of five (5) years commencing on the date of publication of this new paragraph of Article 9 in the Supplement to the Belgian Official Gazette». - to replace in paragraph 8 the date «May 10, 1996». 5. In Article 11, to replace «May 14, 1993» by we date «May 10, 1996». 5. In Article 11, to replace shelance sheets by «annual accounts». «May 10, 1996». 5. In Article 11, to replace «May 14, 1993» by «May 10, 1996» 6. In Article 12, to replace «three» by «two». 7. To delete Article 19. 8. In Article 25, to delete the last paragraph. 9. In Article 27, to replace «balance sheet» by «annual accounts». 10. To replace the text of Article 29 by the following: «In order to attend general shareholders' meetings, owners of bearer shares must deposit their shares, at least five (5) working days in advance of the meeting, at such institutions as the Board of Directors may specify. They will be admitted to the general shareholders meeting upon production of a certificate showing that the deposit has been made. Owners of registered shares must inform the Board of Directors, at least five (5) working days in advance of the meeting, of their intent to attend the general shareholders meeting. Owners of shares held in dematerialised form must deposit, at least five (5) working days in advance of the meeting, at such institutions as the Board of Directors may specify, a certificate drawn up by the accredited accountholder or by the clearing institution showing that the aforementioned shares will be unavailable as at the date of the general meeting.» 11. To bring into force the amendments to the Article 9 paragraphs 4 and 5 and Article 11 of the Articles of Association which will come into force on the date of their publication in the Supplement to the Belgian Official Gazette and other than Article 9 paragraph 8 which shall come into force immediately. 12. To confer on the Board of Directors the power to implement the resolutions passed and to determine their manner of implementation, including the renumbering of the Articles of Association . Proposal to translate into Dutch the Articles of Association and to give equal value to the French and Dutch texts. - Proposal to confer on the Board of Directors the power to translate the Articles of Association into Dutch and publish the complete text as so translated in the Supplement to the Belgian Official Gazette. The

52 rue de l'Industrie - B-1040 Brussels T.V.A. No. 403.079.441 - R.C. Brussels No. 227.957

To the shareholders of Great Nordic Ltd.

The ANNUAL GENERAL MEETING of the Company will be held on Tuesday May 7, 1996 at 3.30 pm at Industriens Hus, H.C. Andersens Boulevard 18, DK-1596 Copenhagen V.

a) Report on the Company's activities

b) Presentation of the annual financial statements for approval; discharging the Board of Directors and the Executive nt from their obligations

c) Resolution for the distribution of the net profit for the year, including the declaration of a dividend on Company shares d) Resolution that the Board be entitled to acquire up to 10 per cent of own shares

e) Election of Board members

f) Appointment of two auditors for the current financial year.

From Monday April 29, 1996 the agenda and the full and complete resolutions to be proposed at the Annual General Meeting, as well as the financial statements, the Auditors' Report and the Report of Directors, will be available for shareholders' inspection at the Company's registered office on the third floor of Kongens Nytory 26. 1016 Copenhagen K, and at the Company's bankers in London. Not later than eight days prior to the Annual General Meeting, the above material will also be posted to the registered address of every shareholder on the Company register.

nission cards to the Annual General Meeting will be available on request from the Company's office from Monday to Friday between 10 am and 4 pm, up to five days prior to the Annual General Meeting, to any shareholder who can prove a good title to his shares. As far as bearer shares are concerned, the shareholder shall prove his title to such shares by presenting a statement of his hold-ing of Company shares as of April 25, 1996 issued by the bank in which his shares are held.

Any right to vote shall be conditional upon the voting share being registered in the name of the shareholder and upon the shareho er being entitled to attend the meeting pursuant to the above oned provisions. Where the shareh share by way of transfer, the share shall additionally have been registered in the name of the shareholder for not less than three ths prior to the date of the Annual General Meeting.

Copenhagen, April 22, 1996 The Board of Directors

** A Baylord or French | Frenc | Tenta | Part |

Christiania Bank og Kreditkasse proporting in the Kingdom of No.

U.S.\$100,000,000 Floating Rate Subordinated Notes Due October 1997 Notice is hereby given that the Rate of Interest has been fixed at 5,8125% and that the interest payable on the relevant Interest Payable of the Toler October 25, 1996, ogainst Coupen No. 22 in respect of US\$10,000 nominal of the Notes will be US\$295.47 and in respect of US\$250,000 nominal of the Notes will be US\$7,386.72.

April 25, 1996, Landon By: Cribank, N.A. (lasuer Services), Agent Bank CITIBANG

EMPRESA DISTRIBUIDORA LA PLATA S.A. rated under the laws of the Republic of Argent U.S.\$30,000,000

Notice is hereby given that the Rate of Interest for the Interest Period April 25, 1996 to October 25, 1996 has been fixed at 9.6% and that the interest payable on the relevant Interest Payment Date October 25, 1996, against Coupon No. 4 will be U.S.\$488,00 in respect of U.S.\$10,000 nominal of the Notes.

Floating Rate Notes due 1997

April 25, 1996, London Byr, Citibank, N.A. (Issuer Services) Agent Bank CITIBANG

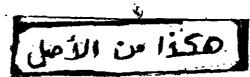
U.S. \$400,000,000

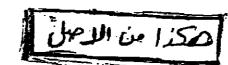
National Westminster Bank Floating Rate Capital Notes 2005

in accordance with the provisions of the Notes, notice is hereby given that for the six months interest Period from April 25, 1998 to October 25, 1996 the Notes will carry an Interest Rate of 5.625% per annum. The interest payable on the relevant interest payment date, October 25, 1996 against Coupon No. 23 will be U.S. \$285.94.

By: The Chase Manhattan Bank, N.A. London, Agent Bank April 25, 1996

Contract Martin Donovan Tel: +44 171 815 0400 Fee: +44 171 329 3919 Futures & Options SECURITIES AND FUTURES LIMITED TEL 0171 417 9726 FAX 0171 417 9715 KRIIGHT-RIDDER'S FUTURES MARKET DATAKIT FROM \$578 O A hill year of <u>FREAL MARKETS</u> End-of-Day quada carrien O INF Market Standars O <u>Markette</u> 20 year of delay seasons, before shake on O Optional Conting Softman Incl. the level mailing SuperCourty O All Conto Conty Price Stateball ither Mis Blacker Vold, 78 Flord Street, Landon EGAY 1617, Talk +44 (8) 171 842 4863 WANT TO KNOW A SECRET? The LD.S. Gama Seminar will show you how the markets REALLY work. The amazing trading techniques of the legendary W.D. Gann can increase your profits and contain your losses. How? That's the secret. Book your FREE place. Phone 0171 588 5858. SPREAD BETTING ON OVER EIGHTY MARKETS CITY INDEX Margined F Signature Disclosed Cor Fig. The rate we the rate yo Margined FOREX PRILLIP VIII. VANDER SECURITIES AND SUTURES LIMITED Verbas Hooke, 125 Finabory Pavement Lindon BCSA 1PA the rate you get OFFSHORE COMPANIES in 1975 OCHA has 20 officer would wide and 730 ready-number For 100 page FREE colour brockure contact: POR TALD page FFEEE colour brockure contact: BLE OF RESS. D RESPAY, CA. Take 44 990 FFEEE COLOUR box 12 Act 44 970 FFEE 44 900 FFEE 44 9 Petroleum Argus Daily Oil Price Reports All the specialise information you require for Global Orado Petroleum Argus Futures, Options & Currencies wit direct access to exchange floors Tel: 0171 702 1991 Fax: (17) 480 6115 **⊮Market-Eye** FREEPHONE 0800 321 321 FAX 0171 398 1001





COMPANIES AND FINANCE: EUROPE

Roche workforce cut 18% in restructuring | Belgacom to challenge

Stel increases in

full-year divided

Water .

Roche, the Swiss drugs company, cut its workforce by 18 per cent last year, to 50,497, in the restructuring that followed its \$5.3bn acquisition of US drugs company Syntex in October 1994.

The pharmaceuticals industry has undergone a series of mergers and acquisitions over the last three years, but the job losses at Roche are among the highest in the industry.

The company said: "The reorganisation carried out in conjunction with the Syntex

integration has resulted in appreciable cost savings. Measures to raise productivity continued to be systematically pursued in all divisions." The job figures were pub-

lished with results for 1995 that showed net profits rising 18 per cent to SFr3.37bn (\$2.74bh) from SFr2.86bn in 1994. But shares in the company fell after the announcement, as a special dividend to celebrate

the company's centenary disappointed some investors. The 100th anniversary warrant is worth SFr36 a share. "Some market participants had said Ms Birgit Kulhoff, pharmaceuticals analyst at UBS in Zurich.

There was a 16 per cent rise in the dividend, excluding the special warrant, to SFr64, and Roche Holding's dividendrights certificates recovered their earlier losses to close up SF135 at SF19,630.

Holders of shares and nonvoting equity securities may elect to receive SFr36 cash rant. Both the initial value of the warrants and its cash equivalent are subject to Swiss

Because of restrictions imposed by US securities laws. the warrants will not be issued to or for the account of US holders of shares, non-voting equity securities or ADRs, the

company said.

Roche's 1995 sales rose to SFr14.45bn from SFr13.76bn. The rise was 5 per cent in Swiss francs and 16 per cent in local currencies. Turnover at the pharmaceuticals division rose 11 per cent to SFr9.25bm from SFr8.34bn. The rise was 23 per cent in local currencies. Sales at the vitamins and

fine chemicals division fell 5 per cent in Swiss francs to SFr3.06bn from SFr3.2bn, but were up 5 per cent in local correncies.

Fragrances and flavours turnover also fell, down 6 per cent to SFr1.44bn from SFr1.53bn. The local currency

rise was 4 per cent.
In the diagnostics division, excluding Roche Biomedical Laboratories which was demerged into a joint venture in May 1995, sales rose 6 per cent to SFr640m, from SFr605m, a 15 per cent rise in

this year. It also expects that the Legoland leisure park at Windsor, near London, which

was opened in March, will generate interest in Lego products not only in the UK but all over

Europe. Windsor is the first of

a series of planned interna-

GSM licence demand

By Grea Melvor in London and AFX News in Brussels

Belgacom, the Belgian telecoms operator, said yester-day it would challenge any government decision demand a BFr9bn (\$288.6m) payment for its GSM digital mobile telephone licence.

Mr John Goossens, chief

executive, threatened to take the case to the European Court of Justice if necessary. "If we come to a crazy solution we will have no choice but to take [it] as far as it needs to defend

our case," he said.
Mr Goossens was commenting at a news conference on the 1995 results, which included a BFr9bn provision for the licence.

The company reported a rise n net profits from BFr9.7bn in 1994 to BFr10.7bn last year Sales rose from BFr117bn to BFr127.1bn.

The Belgacom chief predicted sales would rise close to BFr140bn in 1996 and net profits would be between BFrilbn and BFr12bn. He said prospects for 1996 were good both in con-nections and mobile growth.

Operators in Spain, Italy and Austria were also prepared to take legal action, referring to similar fees ordered by the European Commission to even



John Goossens: optimistic on 1996 prospects

by the government.

Mr Goossens suggested Bel-

gacom had been kept in the

up competition between GSM dark over the latest government deliberations on the operators, he said. demand for the GSM licence fee, but added that any Euro-Mr Goossens said it was not fair competition for Belgacom pean Court case could be hanto pay BFr9bn in order to match the amount paid by Beldled in "a gentle way" to avoid gium's second GSM operator, conflict with its government Mobistar, which is majorityowned by France Télécom. He Belgacom is 50.1 per cent pay the minimum BFr3.5bn set

owned by the Belgian government and 49.9 per cent by a consortium including Ameritech of the US, Singapore Telecom and Tele Danmark.

Stora registers 34% drop in net income in opening quarter

By Hugh Carnegy

The recent downturn in pulp and paper markets was demonstrated yesterday when Stora, one of Europe's leading forestry products groups, reported a 34 per cent fall in first-

quarter profits.

The Swedish group said income after financial items tumbled from SKrl.84bn in the same period last year to SKr1.2bn (\$178.8m), broadly in line with market expectations.

Mr Lars-Ake Helgesson, chief executive, was careful not to raise expectations of a quick turnround in the highly cycli-cal industry, which has seen falling prices and lower demand in many segments in recent months. "We don't see any substantial change in the market outlook over the next

half year," he said. Stora's sales slipped during the period from SKr14.3bn last time to SKr12.4bn, due to a combination of lower volumes and to deliberate fall in production to match lower demand. Earnings per share fell from SKr3.70 to SKr2.50.

Operating profits fell from SKr2.1bn to SKr1.35bn, but pretax earnings were buoyed somewhat by a fall in financial costs from SKr266m to SKr140m, mainly because of lower interest rates.

Operating margins in two of

ble at 19 per cent and 15 per

However, the group saw sales in all product segments fall, with all areas except printing papers showing lower operating income, or losses.
One of the hardest hit areas

was pulp, where sales slipped from SKr1.76bn to SKr1.1bn and an operating profit of SKr428m in the same quarter last year was followed this year by a SKr36m loss. Mr Helgesson said it was possible that pulp inventories would begin to reduce in the coming months. A sharp build-up in stores has been a factor in the collapse of long-fibre pulp prices from \$1,000 a tonne six months ago to below \$600.

Less gloomy for Stora, which is not heavily weighted in pulp, were the results for printing papers, and board and packaging papers. Sales of printing papers reached SKr3.7bn compared with SKr3.8bn last time, while operating profits jumped from SKr468m to SKr832m, reflecting higher prices for

Board and packaging paper sales fell from SKr2.7bn to SKr2.5bn, leaving operating profits down from SKr492m to

Mr Helgesson stressed that performance was still at 1994 levels, when the industry recovered sharply from the

Sharp profit reverse at Lego

Net profits at Lego, the Danish toys group, more than halved last year, from DKr470m in 1994 to DKr288m (\$39.8m), as sales slid 8.6 per cent from DKr5.70bn to DKr5.21bn.

The fall was blamed on tough competition in the toys market from PC and CD-Rom products, fierce price competition, a fall in the average level several main markets, and adverse foreign exchange

Profits after net financial items' were down by 40 per

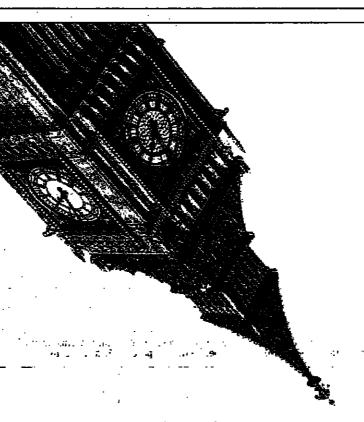
cent from DKr697m to DKr418m, and profits before net financial items fell from DKr859m to DKr497m.

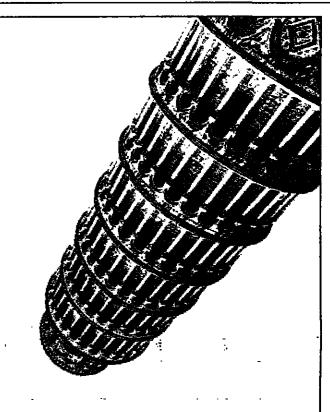
- The published accounts cover 23 of the 50 companies owned by the unlisted, family-controlled Lego business and 5,489 out of the group's global workforce of 8,890. The compa-nies not covered by the published accounts are controlled from Switzerland.

While 1995 did not live up to expectations, the executive directors' report said there Lego will itself take up com-petition with digital products by launching its own CD-Rom

tional leisure parks. The next is due to open at Carlsbad, California, in 1999. Lego said that global sales to retailers last year were down 2 per cent. Sales in the US and Canada were up 6 per cent and in Japan, Korea and

China by more than 15 per cent. But sales in Europe disappointed, falling by 6 per





WE HAVE THE PEOPLE IN PLACE TO DO MARKET RESEARCH AROUND THE WORLD

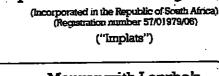
(And The People Back Home To Tell You What It Means)

We offer local knowledge of the capital markets and economic policies of more than 45 countries. Plus the expert analysis of world events our clients can put right to work. And they do. Every day they make over \$60 billion worth of trading decisions with us.



Bank of America





Merger with Lourho's platinum interests

Impala Platinum Holdings Limited

The European Commission ("EC") announced today that after an intensive four-month investigation, it had voted against the merger of Implats' and Lonrho's platinum interests.

Implats will lodge an appeal with the European Court.

The parties will study the EC's decision and re-consider their options before making further comment.

Johannesburg 24 April 1996

MEETING in Brussels, at 52 rue de l'Industrie, on MAY 10, 1996, at 3 p.m. (Brussels time), with this agenda: (1) Report of the Board of Directors on the financial year 1995. (2) Auditor's report on the financial year 1995. (3) Annual accounts for the report on the financial year 1995. (3) Annual accounts for the year 1995. Board's proposal to approve these accounts. (4) Allocation of profits. Board's proposal to distribute a gross dividend of 352 francs per share. (5) Discharge of Directors. Board's proposal to grant a discharge to the Directors for the performance of their duties in 1995. (6) Discharge of auditors. Board's proposal to grant a discharge to the auditors for the performance of their duties in 1995. (7) Statutory to the statutory of their duties in 1995. appointments: (a) Board's proposal to re-elect Vicomite Etienne Davignon, Mr Henrique Bandeira Vieira, Mr Guy Dejouany, Mr Gilles Samyn and Baron Luc Wauters as directors for 6 years, (b) Board's proposal to elect «Klynveld, Peat Marwick, Goerde represented by Mr Georges Timmerman and Mr Karel Van Oostveldt for 3 years as auditor. (8) Remuneration of auditor. Proposal to fix the remuneration of the auditor in accordance with the amount proposed by the Board and agreed by the auditor. (9) Any other business. The meeting room will be auditor. (9) Any other business. The meeting room will be accessible from 1.30 p.m. onwards. At 2.15 p.m., a film about PetroFina and affiliated companies' activities in 1995 will be shown. The bearer shares may be deposited until May 7, 1996 at : Banque Bruxelles Lambert . Générale de Banque . CGER-Banque . Kredietbank . Banque Paribas Belgique . Banque Nationale de Paris . Crédit du Nord . Banque int. à Luxembourg . Banque Gén. du Luxembourg . Commezbank . Deutsche Bank . Dresdner Bank . ABN-Amro Bank . Crédit Surges . Leson de Banques Suisses . Suisse . Société de Banque Suisse . Union de Banques Suisses

PetroFina 52 rue de l'Industrie - 8-1040 Bruxelles № 1 v.A. 403.079.447 - R.C. Bruxelles n° 227.957

Reorganisation blamed for downturn at Unisys

in San Francisco

Unisys reported deeper than expected losses for its first quarter as the US computer and information services company realigned its operations into three new business units focused on computer equipment and services

The reorganisation caused some disruption during the first half of the quarter, said Mr James Unruh, chairman and chief executive, but "the worst of the confusion is now behind us" and business picked up in the last month of the quarter, he said.

Unisys reported a net loss of \$13.4m, or 25 cents a share, compared with net income from continuing operations of \$44.6m, or 9 cents a share in the same period last

Excluding the company's defence business, which was sold in May 1995, income from continuing operations in the first quarter of 1995 was \$32.1m, or 2 cents a

Wall Street analysts had been anticipating a loss of about 15 cents a share. Revenue for the quarter was

\$1.42bn, compared with \$1.46bn in the year ago quarter. In addition to the effects of the reorganisation, revenues and profit margins in the firstquarter were affected by lower shipments of Unisys' mainframe systems, Mr Unruh said.

Turnround at Data General By Louise Kehae UNISYS

Data General, the US manufacturer of mid-range servers that has been struggling to achieve sustained profitability, reported increased revenues and improved profits for its second

fiscal quarter.

Net income for the period was \$6.3m, or 15 cents a share, on revenues of \$335.2m. In the same period last year there was a net loss of \$11.1m, or 30 cents, on revenues of \$283.8m.

Data General "is still in a period of product transition and [we] remain cautious for the short term," said Mr Ron-ald Skates, president and chief executive. However, secondquarter results "were most encouraging", he said, with revenues up 18 per cent.

Product revenues increased 29 per cent over the same period last year, based on strong growth in sales of data storage products, the company said. Revenues from the company's line of Unix servers

fiscal 1996, net income was \$11m, or 27 cents a share, against \$13.1m, or 35 cents. The 1995 figures included a one-time, pre-tax gain of \$44.5m from the settlement of a software copyright and trade secret lawsuit against North-rop Grumman. Revenues for the first six mouths of 1996 were \$662.8m, up from \$566.0m in the 1995 first half.

Acesita poised to take stakes in

in São Paulo

in CST, Cosipa and Usiminas held by two Brazilian banks, Bozano, Simonsen and Uni-

nies' shareholders exercise their right to buy the banks' shares, Acesita will acquire 40 per cent of CST, 10 per cent of Cosipa and 8 per cent of Usimi-nas. Other shareholders have 30 days from yesterday to exercise their right to buy.

banks. The company said it signalled a new restructuring of the industry following priva-tisation between 1991 and 1993.

Following the deal Acesita,

which produces 600,000 tonnes of speciality steels a year, would have significant shareholdings in companies producing a total of 12m tonnes of

steel a year. Ms Isabela Saboya, a steel industry analyst at Rio de Janeiro investment bank Icatú, said the price being paid was fair and that investors should welcome the deal as it brought a significant, stable shareholder to CST, Costpa and Usi-minas. "But for Acesita it doesn't seem to make very much sense," she said.

There was little common ground between Acesita's business and that of the other three, and Acesita's shareholders were likely to see their stakes diminished in a planned capitalisation to pay for the

Prices of shares in all four

companies seemed not to have reacted to the announcement. Acesita will call a shareholders' meeting at the end of next month to propose funding the deal through a public share issue. The company said it hoped existing shareholders would subscribe to the issue, but that it expected to attract interest from new investors. both in Brazil and overseas. Acesita planned to raise the entire \$850m required to com-

plete the deal by the end of

NEWS DIGEST

MCI records 21% first-quarter rise

MCI, the second-largest US long-distance phone company, increased its earnings by 21 per cent in the first quarter to \$250m, with strong growth in the basic phone business partly offset by increased losses in new ventures.

Earnings in long-distance telephony were up 42 per cent at \$378m on revenues 14 per cent ahead at \$4.1bn. There was strong growth in the business market, while consumer sales were driven by special deals marketed under the Friends and Family and other brand names.

In new ventures and developing markets, revenues jumped from \$24m to \$476m, due to the acquisition of SHL Systemhouse and Nationwide Cellular. The net loss was \$83m compared with \$22m, and cash flow was zero.

Group revenues rose 26 per cent to \$4.5bn, with traffic up 21 per cent. Earnings per share were ahead 17 per cent at 42 cents. MCTs shares rose \$11 to \$29 in early trading.

Tony Jackson, New York

Baxter International ahead 9%

Baxter International, the US healthcare company, said yesterday first-quarter profits rose 9 per cent, led by gains on the blotechnology and cardiovascular businesses. Net income was up to \$158m from \$145m in the same period last year. However, while profits in the biotechnology and medical products areas rose to \$138m from \$98m, earnings from discontinued operations that include the cost management area and other divested assets fell to \$20m from \$47m. The company plans to spin off its cost management business to shareholders later this year. Overall, sales rose 12 per cent to

Earnings per share rose 12 per cent to 58 cents from 51 cents last year. The increase in per share earnings surpassed overall earnings growth because of a stock buy-back programme in which the company purchased \$80m worth of its shares in the first quarter. Earnings were in line with analysts expectations. and in early trading the shares rose \$% to \$44%.

Weak prices balk Cyprus Amax

Weaker mineral prices and bad weather in the US were blamed for a heavy fall in first-quarter net profits at Cyprus Amax Minerals, one of the world's largest coal and copper mining groups. The company unveiled earnings of \$62m, or 62 cents a share, compared with 1995 first-quarter figures of \$97m, or \$1 a share.

Mr Hilton Ward, chairman, blamed the slide on lower prices for copper, molybdenum and coal. Operations at some of the group's US coal mines had also been hit by severe winter weather, he said. These factors had been partially offset by lower costs in copper production - down 5 cents a pound to 77 cents for the reporting period - and improved sales of produced copper, at 172m lbs compared with 160m lbs last

The profit was struck on sales of \$684m compared with \$807m for the corresponding period last time. The quarterly dividend is maintained at 20 cents per ordinary and \$1 per

Videotron targets CFCF

Videotron, eastern Canada's biggest cable-TV group, is offering C\$21.50 a share cash for all the shares of CFCF, a competitor in the Montreal area, for a potential total value of about C\$365m (US\$268m), topping a competing cash-and-stock bid from a rival broadcasting group.

The Pouliot family, which controls CFCF, has agreed to tender to Videotron. The deal would rationalise Montreal cable TV, broadcasting and production, but some analysts said Videotron may meet regulatory problems.

Videotron is believed to be near completing the sale of its British cable TV and telecommunications unit for an estimated C\$500m. Robert Gibbens, Montreal

Sale lifts MacMillan Bloedel

A C\$32m (US\$23.5m) gain on the sale of 8m shares of KNP BT, the Dutch paper group, bolstered MacMillan Bloedel's first-quarter earnings. Final net profit was C\$84m, or 48 cents a share, against C\$65m, or 49 cents, on revenue of C\$1.7bn against C31.24bn. At the operating level, profit was lower because of weak building materials and packaging markets, partly offset by firm paper prices. The Japanese construction timber market began to firm in March.

MARGINED CURRENCY DEALING

■ Limited liability guaranteed

■ Lowest margin deposits (2%-5%)

CALL TOLL-FREE Denotark 8001 0430 Jeebarral 1 800 555018 Spain 900 994914 Seritzerland 155 3548

Italy 1578 70975

GCE

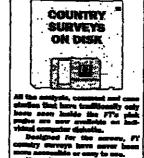
ABB International

Finance N.V.

Can. \$150,000,000

Friday 10 May 1996 at 11 o'clock a.m. at Hotel de l'Europe, Nieuwe Doelerstress 2-8, Am Holders of beamer shares as well as unfrastructures having the right to vote, who wish to attend the meeting, are required to deposit their proof of ownership at ING Bank N.V.. Hereagrach 580, 1017 C Ammarchan, or at Wameline Effectenbank B V.. Nieuwo Docidenarsas I.O. 1012 CP Ammarchan, or at the office of the Cottpany, Johannes Vermeceptein S. 1071 DV Ammarchan, not later than 3 May 1905. Stateholders who wish to be represented by power of attorney are required to deposit a written power of attorney are the office of the Company or with the bottes mentioned above, not later than 7 May 1906. Proxy forms can be obtained from the Company.

The agends for the message and copies of the 1995 annual accounts and the 1905 a obtained free of charge as of today by shareholders and others entitled to attend



Collared Floating Rate Notes due 2003 For the Interest Period 22nd April, 1996 to 22nd July, 1996 he Notes will carry a Rate of interest of 6 per cent. per rang

\$1,000 Note will be Can. \$14.96 and per Car. \$10,000 None will be Can \$149.59 payable on 22nd To purchase from the Ourse augh of FC country surveys in App face or Whelows format: shaphone +44 (4) 127, 873 4366 EE +44 (0) 127, 873 4462

U.S. \$100,000,000 **(X)** HSBC AMERICAS, INC. onting Rate Subordinated Capital Notes due 1999

For the three months 25th April, 1996 to 25th July, 1996 the Notes will carry an Interest Rate of 5% per cent. per account with a Coupon amount of U.S. SM5.35 per U.S. SM0.000. Interest payment date 25th July, 1996. HSBC Investment Banking Limite (merest Descriptions Agent

Notice Adelaide Bank Limited USD 250,000,000 MULTIPLE OFTION FACILITY urce with the provision t Loan Conflicts based 21, 1994, nonce is hereby given that for the direct months filterest period from April 24 1996 to July 24, 1996, the Cartificate will be a second of the cartificate will be a Barcinya Bunk PLC, Hong Kong As Facility Agent

Earnings per strare Current share price SHARE PRICE relative to the S&P Composite Revenues from computer

systems dropped by 19 per cent in the quarter.

Mr Unruh attributed the decline to anticipation of a new

range of computers that were introduced after the end of the These new ClearPath servers will run both Unisys main-

frame software and Unix or Microsoft's Windows NT oper-

ating systems on a single Revenues from information services increased 14 per cent. and the newly formed Global Customer Services unit increased revenues by 9 per

The two services units "continue to deliver solid growth", Mr Unruh said.

The introduction of the ClearPath servers, which will begin shipping in the current quarter, also improves the outlook for the computer systems business, he added.

three steel groups

Acesita, the Brazilian steelmaker, is to pay up to \$850m for shareholdings in three other Brazilian steel groups in what the company called "the start of a new restructuring of the Brazilian steel industry". Acesita plans to buy stakes

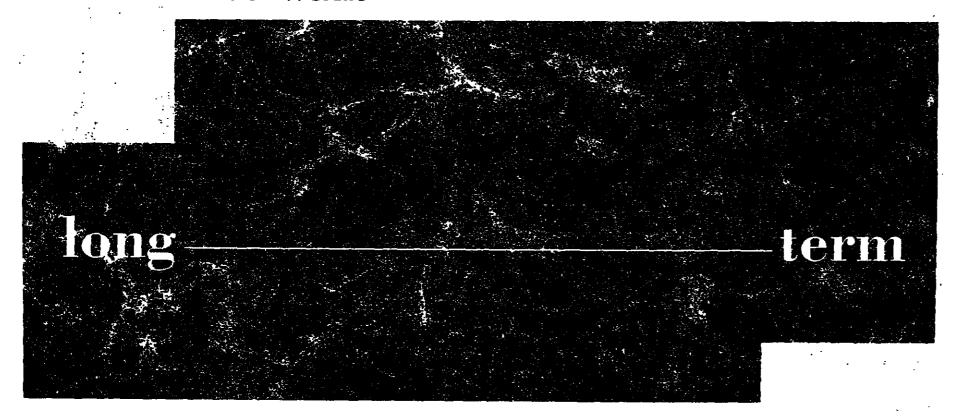
If none of the three compa-

were flat, however.
For the first six months of

The deal comes after three months of negotiations between Acesita and the

"Privatisation attracted opportunity investors looking for a short to medium-term return," he said. "Now the tendency is for this to change, for the industry to attract long term investors and to form groups of companies with shared ownership."

You want



D-Mark value. It's easy to see why German Pfandbriefe rank so high among D-Mark fixed-interest securities. Especially for investors seeking long-term value in a stable currency. First there's safety. Thanks to the strict legal framework of the Mortgage Bank Act (1900), Pfandbriefe are as secure as Bunds. In fact, investors have never missed an interest or principal payment. Then there's yield. Despite their unsurpassed safety, Pfandbriefe usually offer a yield pick-up over Bunds, rising at the longer end of the maturity curve. As for liquidity, Pfandbriefe are officially quoted on German stock exchanges, issuers actively maintain a secondary market. And market transparency is enhanced by the PEX Index. It all adds up to an instrument that has stood the test of time, accounting for 40 % of Germany's DM 3 trillion bond market. To build long-term value, consider the Pfandbriefe issued by Germany's private mortgage banks.

For further information about German Pfandbriefe please contact The Association of German Mortgage Banks (VDH) in Bonn, Fax (228) 9 59 02 44.

The German Pfandbrief

Solid from the ground up



GERMANY'S MORTGAGE BANKS

DEPFA-BANK, WIESBADEN BAYERISCHE VEREINSBANK AG.

MÜNCHEN

HYPO-BANK, MUNCHEN FRANKFURTER HYPOTHEKENBANK

CENTRALBODEN AG. FRANKFURT DEUTSCHE HYPOTHEKENBANK

FRANKFURT AG, FRANKFURT RHEINHYP, FRANKFURT

DEUTSCHE GENOSSENSCHAFTS-HYPOTHEKENBANK AG. HAMBURG BAYERISCHE HANDELSBANK AG.

MUNCHEN WESTHYP, DORTMUND

HAMBURGHYP, HAMBURG MUNCHENER HYPOTHEKENBANK EG,

SUDDEUTSCHE BODENCREDITBANK AG.

WURTTEMBERGER HYPO, STUTTGART

BERLIN-HANNOVERSCHE HYPOTHEKENBANK AG, HANNOVER HYPOTHEKENBANK IN ESSEN AG,

ESSEN

BERLIN HYP, BERLIN F: ALLGEMEINE HYPOTHEKENBANK AG. FRANKFURT

NÜRNBERGER HYPOTHEKENBANK NÜRNBERG

DEUTSCHE HYPOTHEKENBANK

(ACT.- GES.), HANNOVER RHEINBODEN HYPOTHEKENBANK AG,

"A LÜBECKER HYPOTHEKENBANK AG,

" NORDHYPO BANK, HAMBURG CLF HYPOTHEKENBANK BERLIN AG,

* BFG-HYPOTHEKENBANK AG, FRANKFURT WL-BANK, MÜNSTER

M.M. WARBURG & CO

HYPOTHEKENBANK AG, HAMBURG WÜSTENROT HYPOTHEKENBANK AKTIENGESELLSCHAFT, LUDWIGSBURG

COMPANIES AND FINANCE: THE AMERICAS

Compaq bucks trend with surge in sales

in San Francisco

Compaq Computer charged ahead of competitors in the personal computer industry in the first quarter, gaining mar-ket share with a 42 per cent

In contrast with several other PC manufacturers, which have reported sluggish sales in the US, Compaq said its sales were strong in all regions, with the North American figure up

56 per cent in the quarter. Compaq's revenues for the period rose from \$3bn in the same period last year to \$4.2bn. Net income for the quarter was \$234m, or 85 cents a share, versus \$216m, or 80 cents a

The results were well above Wall Street estimates of about 81 cents a share and Compan's shares jumped sharply from Tuesday's close of \$43% to trade as high as \$50%, retreating to \$47% in mid session.

Compaq's results raised significant doubts about previous industry reports of slowing US PC market growth. It now appears Compaq has been win-ning sales at the expense of its competitors. "This is not a market issue,"

said Mr Daryl White, Compaq chief financial officer. The US consumer market, which some analysts had suggested was reaching saturation, remained "very strong", he said, showing the fastest rate of growth of any market begin to move up in the second

segment in the first quarter. Since December 1995, Compaq has gained 5 market share points in the North American dealer channel, to achieve a dominant 34 per cent market share, according to Audits and Surveys, a market research

While other PC makers have been struggling to reduce excess stocks of PCs held by dealers and resellers. Compac said its inventories were at the lowest level for two years. Price cuts and a high propor-tion of consumer sales, which carry lower margins, reduced Compaq's gross profit margins slightly in the first quarter to 21.1 per cent of revenues. "We expect gross margins to

are generally less robust, and to rebound in the second half when we introduce a broad range of new products," said

We are confident about our ability to gain market share and achieve improved profitability for the balance of the year," said Mr Eckhard Pfeiffer, president and chief

Beginning in June, Compaq will launch new products across all categories of the PC market, he said. These were expected to include high-performance network servers, new styles of consumer PCs signed for home use, and a new line of lower-cost portable



Eckhard Pfeiffer: confident of

USAir cuts loss despite setbacks

By Richard Tomkins

Bad winter weather on the US east coast hit first-quarter results at USAir, the troubled US carrier in which British Airways holds a 24.6 per cent

But higher fares and fuller aircraft helped the company cut net losses from \$117.5m to \$54.6m after preferred stock dividends. Losses per share fell from \$1.91 to 86 cents. USAir said it suffered two

adverse factors in the first quarter: delays and cancellations resulting from the poor conditions, and a loss of business owing to government shutdowns caused by the bud-

get impasse in Congress.
Together, the company said. these factors cost an estimated \$55m - roughly equivalent to its first-quarter losses.
On the plus side, revenues

climbed 6 per cent to \$1.9bn as fares rose across the industry, and load factors increased. This helped the company report operating profits of \$10.8m compared with losses of \$42m last time.

However Mr Stephen Wolf, the new chairman and chief executive, said he was "disap-pointed" with the net losses in a quarter when the industry was reporting higher earnings. Mr Wolf has been making presentations to the workforce in which he has stressed the

Netscape tops Wall Street estimates

Shares in Netscape Communications, the fast-growing US Internet software provider, rose 8 per cent yesterday after it reported higher than expected earnings for the first quarter, beating Wall Street estimates by 50 per cent.

Net income for the quarter was \$4.7m, or 6 cents a share, on revenues of \$55m. Analysts had been expecting earnings per share of 4 cents. In the same period a year ago, when Netscape was launching its first products, the company recorded a net loss of \$3.8m, or 6 cents a share, on revenues of \$5.4m. A more useful comparison, Netscape said, was with the

results from the fourth quarter of 1995, when the company reported net income of \$2.4m, or 3 cents a share, on revenues of \$40.6m. Results for all periods were adjusted for Netscape's acquisition of Collabra Software, last year, as well as for a two-for-one stock split in January. The shares were trading at \$66% at lunchtime yesterday, up \$5.

Louise Kehoe. San Francisc

Rite Aid withdraws Revco offer

Anti-trust objections by the US Federal Trade Commission yesterday prompted the collapse of a merger between two US drugstore chains, when Rite Aid withdrew its agreed \$1.8bn takeover bid for Revco. The merger would have created the biggest drugstore chain in the US, with about 4,500 stores. Rite Aid said: "It is apparent to us that the Federal Trade Commission has never been interested in reviewing the facts surrounding our intended merger with Revco in an impartial manner. Despite the facts presented that this merger would be pro-consumer, the FTC kept changing the rules of the

The deal would have been the latest in a string of mergers prompted in part by a drive among drug retailers to increase their buying power with the big US pharmaceutical

Last week, however, the FTC said it would file a suit to block Rite Aid's bid for Revco, saying the combined company would dominate the pharmacy business in 16 states and could raise prices to consumers. Rite Aid tried to head off the FTC's objections by affering to sell 340 stores, but this week the FTC said it still planned to press ahead with its suit. Richard Tomkins, New York

Chemicals weakness depresses **Du Pont**

By Tony Jackson

Du Pont, the US chemicals group, reported an 8 per cent fall in first quarter earnings to \$879m, with a cyclical drop in chemicals partly offset by growth in oil, coal and phar-

Earnings per share, boosted by last year's \$9bn share buyback, were up 12 per cent at

Total sales of chemicals and speciality products were down 2 per cent at \$6.1bn, with volume down 5 per cent and prices up 3 per cent.

Earnings in the chemicals division were down 13 per cent at \$143m, in fibres down 11 per cent at \$179m, and in polymers down 15 per cent at \$198m.

Mr Jack Krol, chief executive, said he believed the weakness in chemicals in the past three quarters had been a blip in a continuing upward trend. "I hope we've bottomed out in the US, and also in Europe", he said. East Asia was returning to rapid growth, and Latin America had enjoyed a very strong first

Conoco, Du Pont's oil subsidiary, increased its earnings 21 per cent to \$214m on sales up 9 per cent at \$4.7bn. Upstream earnings rose 18 per cent to \$191m, while downstream earnings, helped by higher refining margins, rose 53 per cent to \$23m.

Mr Krol, who took over as chief executive at the start of this year, said Du Pont aimed at future revenue growth of between 6 per cent and 8 per cent a year, while earnings. helped by higher productivity, should rise 10 per cent.

Over the next five years, he expected annual growth in chemicals of 20 per cent in the Asia-Pacific region and 15 per cent in South America. "In Europe, which is a mature economy, we should continue at around 10 per cent," he

In the US, which still accounts for more than half of Du Pont's chemicals sales, growth was running at only 2 per cent to 3 per cent. "We've already got high market share, so that's not an avenue," Mr Krol said.

"We have two levers [for growth] - getting more products out of our R&D, and

Lucent deficit at low end of forecasts

By Tony Jackson in New York

Lucent Technologies, the telephone equipment company spun off from AT&T this month in Wall Street's biggest public offering, incurred a net loss in its debut first quarter of \$103m, or \$0.16 per share. This was at the low end of the \$100m-\$140m loss forecast by the company

Lucent said the deficit was partly seasonal. Last year it made 85 per cent of its profit in the final quarter, with a loss of \$22m in the first quarter. About half the \$81m extra loss this time came from the costs of launching the new company.

By Christopher Parkes

Earnings at Lockheed Martin.

which claims to be the biggest

defence and aeronautics group

industry.

Lockheed, maker of the F-16

fighter, also booked \$7bn in

new orders in the first quarter,

boosting its manufacturing

backlog to \$42.6bn, according

to statements issued yesterday.

electronics and systems inte-

gration operations, said the

decline of 9.5 per cent in reve-

commercial space launches.

in which it was represented,

claimed Mr Norman Augus-

order book to \$47bn.

The company, which is in the process of completing the acquisition of Loral's defence

Group revenues rose 10 per cent to \$4.6bn, with a strong performance in network sales and microelectronics offset by flat sales of business systems and a sharp drop in consumer products. There was a group operating loss before interest charges of \$100m, compared with a \$23m profit in the comparable period.

Sales of network systems to other telephone companies rose 17 per cent to \$2.4bn, with domestic sales up 12 per cent and international sales ahead 34 per cent

Lucent said there had been a marked change in attitude among US local phone compa-

tive. It would generate a fur-

ther \$1.5bn or \$2bn of cash

flow annually which would be

used primarily to reduce debt,

A task force had been set up

the company said.

nies, the so-called "Baby Bells" after the demerger. A central reason for the demerger was reluctance by the Baby Bells to be supplied with equipment by AT&T, which is a direct competitor under the newly liberalised US phone regime. Lucent said: "Our customers here, without exception, have responded favourably [to the demerger].

They are now inviting our

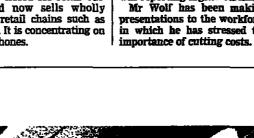
sales teams to work with them

on some key initiatives." Sales of phone systems to business customers rose only 2 per cent to \$1.1bn. US revenues were up slightly, while international sales grew 7 per cent, led

Africa.
Sales of microelectronics, consisting of integrated circuits and other components, were up 26 per cent at \$520m. This was driven by growth in application-specific chips, or ASICs. International sales rose 49 per cent, led by the Asia-Pacific region.

by Europe, east Asia and

Sales of consumer products, such as answering machines, were down 17 per cent at \$295m. During the quarter the company closed 338 retail outlets, and now sells wholly through retail chains such as Walmart. It is concentrating on









Devolution in a rest of determine A project to say one can blue and second section

ousny breighted, Etc. discovered and

in the US, rose 10 per cent to to examine and carry out dis-\$272m before extraordinary posal of non-core operations, businesses where Lockheed was not among industry leaditems in the first quarter, despite a dip in sales. Net income for 1995 of \$137m ers, and real estate. The proceeds would again be used included a pre-tax charge of mainly to accelerate debt \$165m associated with the previous acquisition of Martin Marietta, one of the earlier Executives warned there moves in the continuing con-solidation of the US defence

Lockheed Martin

ahead 10% despite

decline in sales

would be early cuts in the expanded payroll of more than 190,000, although employment would rise in the longer term.

To prevent disruption of ongoing businesses until the Loral divisions had been assimilated, they would remain a separate Lockheed unit, named Tactical Systems and complementing existing divisions in aeronautics, electronics, energy and environment, information and technology and space and strategic missiles.

nues, to \$5hn, in the quarter Lockheed said it had also was largely a result of the timpaid \$344m in January for a 20 per cent "passive" stake in Loral Space & Communicaing of aircraft deliveries and The group, which closed its \$9hn tender offer for the Loral tions, which was spun off by Loral shortly before the tender interests on Tuesday, said annoffer was opened. The recent restructuring of

ualised sales would rise to the US defence industry has \$30bn on completion, and the acquisition would increase its sparked controversy as competition has sharpened. Responding to threats that The deal gave Lockheed "an

McDonnell Douglas might boyexcellent strategic balcott certain products from the ance . . . with leadership posi-tions" in all the main sectors Lockheed-Loral alliance, Mr Augustine said "blacklists" were against the interests of the industry as a whole. tine, president and chief execu-

SIEMENS

(Securities Code 723 600)

Notice on the Redenomination of the Share Capital and on the Adjustment of the Stock Exchange Quotation

The Ordinary General Meeting of our company on February 22, 1996 resolved, inter alia, to redenominate the entire share capital, previously denominated in shares of par value DM 50 each, into shares of par value DM 5 each. The amendment to the Articles of Association was registered on April 15, 1996 in the Commercial Register at the District Court of Berlin and on April 18, 1996 in the Commercial Register at the District Court of Munich.

As a consequence of the redenomination of the share capital the stock exchange quotation of the ordinary shares will have to be adjusted. The official quotation of the ordinary shares of Siemens AG (securities code 723 600) will be adjusted effective May 2, 1996 from the present unit of DM 50 = 1 share to the new unit DM 5 = 1 share. Continuous trading in Siemens shares will take place as from that date in lots of 100 shares at DM 5.

Parallel to this, depositary banks will convert safe custody holdings of shares of Siemens AG as at the evening of the test trading day of the stock exchange before May 2, 1996 at 10 for 1, i.e. one share of DM 50 will become 10 shares of DM 5 each. There will be no change in a shareholder's respective participation in the share capital of Siemens AG. The conversion of the safe custody accounts is free of charge for shareholders.

Warrants from the 8% U.S. dollar bonds with warrants of 1992/2002 of Siemens Capital Corporation, Wilmington, U.S.A., are not affected by the adjustment of the share quotation, as the total nominal amount of Siemens shares for which the respective unchanged option price has to be paid will remain constant. From May 2, 1996, therefore, ten Siemens ordinary shares of par value DM 5 each will be issued in place of one Siemens ordinary share of par value DM 50 upon exercise of the option right and payment of the option price, or a corresponding multiple thereof if the warrants ssued entitle holders to buy more than one share.

Former shareholders of Siemens Nixdorf Informations systeme AG (SNI) who have not yet submitted their SNI shares for payment of the compensation - due pursuant to the integration of SNI into Siemens AG in 1992 - will receive as compensation for six SNI shares of par value DM 50 each ion Siemens ordinary shares of par value DM 5 each instead of one Siemens ordinary share of par

The printing of new share certificates has been initiated. As soon as the new certificates are available - probably not before August 1995 - shareholders will be requested in a separate notice to exchange their old and no longer correct share certificates. Until that time, the present share continued will remain good delivery at the stock exchanges. The delivery of individual certificates for shares of par value DM 5 will not be possible until the new certificates are available. Stock exchange transactions for between one and nine shares can, therefore, be fulfitled only by credits and debits to security deposit accounts.

Berlin/ Munich, April 1996



Debt costs and sales slide hit San Miguel Merged Janeans

By Edward Luce in Manija

Soaring debt costs and falling beer sales led to a 35 per cent fall in net profits for San Miguel, the Philippines' largest beer and consumer goods company, to 725m pesos (\$27.7m) in the first quarter of 1996.

The company, which has seen its share value fall 20 per cent this year on expectations of poor results, said interest charges - mainly from loans to fund a 40bn pesos overseas expansion drive - rose 173 per cent in the first quarter to 607m pesos. Interest payments are expected to more than double this year to 2.9bn pesos.

Whichever way you look at it, these results are very bad," said Mr Alex Pomento, chief researcher at ING Barings in Manila. "Arguably, the com-pany has over-extended itself overseas on investments which will not show any real return for about three years."
San Miguel, whose B shares,

which are open to foreign buyers, closed marginally down yesterday at 80 pesos, is also thought to have over-invested the government to establish a level playing field in the local

B share price realtive to the Manifa Composite

in the domestic market, where it has an 85 per cent share of total beer sales. The company, which was projecting a healthy growth in local beer consumption, saw beer sales decline hy 4 per cent between January

and March. Overall group revenues rose\7 per cent to 18.9bn pesos. At the annual meeting last week, Mr Andres Soriano III, chairman of San Miguel, urged the government to establish a beer market in the wake of a heated corporate battle between San Miguel and Asia Brewery, its main rival.

Asia Brewery, owned by Mr Lucio Tan, a Chinese-Filipino businessman, is alleged to have underpriced its brands by switching its costs to "ghost" subsidiaries so that it could pay lower ad valorem taxes. Mr Soriano also said the

group was unable to raise capital through fresh rights issues owing to a long-running legal dispute between San Miguel and Mr Eduardo Conjuangco, former chairman, who is claiming about 50 per cent of San Miguel's shares. This had raised the cost of capital for San Miguel, which had been forced to tap the more expensive debt markets to raise capital. Mr Soriano said. Analysts say the company's

1996 earnings growth is likely to be flat or negative. The long-term outlook, however, is more promising because of the potential of its recentlyacquired bottling and brewing concern in China, Vietnam,



Andres Soriano III: called for level playing field in beer market

Sony to close home audio factory in Japan

The pressures facing Japan's consumer electronics companies were highlighted yesterday by Sony's decision to close one of two domestic factories where it manufactures home audio equipment, in an attempt to raise profits at its audio business in Japan.

Sony is closing a factory in Gunma prefecture, in northcentral Japan, where it makes home audio equipment such as mini-component stereo sets and CD players. The 470 employees are being asked to move to a facility in nearby Ibaraki prefecture, where the company will consolidate its home audio equipment output. Such a move is a rare in Japan, where blue-chip companies such as Sony have tried to

meet the pressures of a high yen and sluggish domestic market by shifting production overseas while minimising impact on domestic production. Electronics companies, for example, have introduced higher value added products to their domestic facilities while shifting lower-end products outside Japan.

All of these securities having been sold, this advertisement appears as a matter of record only

18,400,000 Shares

CompuServe Corporation

Common Stock

(par value \$.01 per share)

3,680,000 Shares

This portion of the offering was offered outside the United States by the undersigned

Merrill Lynch International

Banque Nationale de Paris

HSBC Investment Banking

However, manufacturers of audio equipment have been particularly hard hit by severe price declines and a sagging domestic market. In an attempt to deal with the situation, Japanese makers have shifted production rapidly overseas to lower-cost bases,

mainly in south-east Asia. As a result, production of audio equipment in Japan has nearly halved - from Y1,650hn in 1991 to Y858bn (\$8.06bn) last year - according to the Electronics Industry Association in Japan, Meanwhile, imports of audio equipment have surged

"The market has been pretty horrible," said Mr Joseph Osha, industry analyst at Merrill Lynch in Tokyo. In addition to general price declines, brought on partly by an improvement in the quality of cheap machines, audio makers have faced high inventory lev-

els since last September. While Sony has enjoyed strong demand for its portable MiniDiscs, it indicated that the home audio market in Japan was mainly a replacement market and not strong enough to support continued output from

Gunma factory generates twothirds of its sales from exports. The two facilities which make home audio equipment in Japan together saw profits decline from a peak of Y100bn in 1991 to Y38bn last year.

Sony has no plans yet for the factory that is to be closed but says it will be able to save Y700m in fixed costs by the closure. The company has been reviewing its global manufacturing strategy and aims to reduce its export ratio from 67 per cent last year to 50 per cent in the current financial year.

Japanese bank boosts estimates

By Gerard Baker in Tokyo

Bank of Tokyo-Mitsubishi, the world's largest bank, said yesterday it had increased profit estimates for the two separate pre-merger companies for the year to the end of March.

The bank was formed on April 1 by a merger between Mitsubishi Bank and Bank of Tokyo, whose last full business results as independent companies will be published in full next month.

Bank of Tokyo's recurring profit - before tax and extraordinary items - for the year is now estimated at Y96hn (\$901m), against a forecast of Y30bn made last November. Mitsubishi recorded a recurring profit of about Y130bn, compared with a Y70bn forecast last autumu. The improvement stemmed from lower interest rates and a more favourable bond trading

environment.

Bank of Tokyo said it would write off bad loans worth about Y200bu, while Mitsubishi's write-offs would be about Y340bn.

Losses on loans to failed housing loan companies would be written off to a total of Y100bn and Y50bn, respectively. The banks were not, however, exercising their option to make the write-offs

The government has offered to allow tax-free write-offs of loans to housing lenders if banks agree to relinquish all outstanding claims on the companies. But uncertainty surrounding the outcome of the companies' liquidation has led most banks to choose to pay tax on the charges.

BankWest upbeat on hitting target

By Nikki Tait in Sydney

the five months to the end of

abnormal and extraordinary Pebruary 1997.

"BankWest is in a strong position and I have no reason to believe the profits forecasts for the current financial year will not be achieved," said Mr Ian Mackenzie, the group's

was slightly better than the A\$32.2m forecast for this period when BankWest floated 49 per cent of its shares on the stock market in January.

An abnormal surplus of A\$2.2m resulted from interest earned by the bank on funds

offer for sale of its shares,

period, the bank's net interest income stood at A\$129.3m, compared with a A\$124m forecast, while other operating income totalled A\$47.8m, also slightly better than predicted. Operating expenses, however, also exceeded expectations, at A\$110m. although the cost-toincome ratio dipped, from 62.4 per cent in the previous year to

62.1 per cent. The charge for doubtful debts, at A\$11m, was in line with the prospectus prediction. The bank said growth had

been stronger than anticipated in BankWest's three main areas of activity - housing. personal lending and business loans. An 11 per cent surge in retail deposits, to A\$5,37m, was in part because of farmers banking the proceeds of a buoyant grain season.

Mr Warwick Kent, Bank-West's managing director, acknowledged that the bank needed to keep a lid on costs as competitors tried to encroach on the Western Australia

NEWS DIGEST

Ranbaxy disappoints despite 22% rise

Strong export growth pushed net profits at Ranbaxy
Laboratories, India's second biggest pharmaceutical company,
up 22 per cent for the year ending March 31 to Rsi. 35hn
(\$39.5m) on a 23 per cent rise in sales to Rss.7bn. The growth
for the year undershot market expectations of a size arounding for the year undershot market expectations of a rise exceeding 30 per cent. However, the company said it expected last year's heavy investments and acquisitions substantially to raise export growth.

The company said exports rose from Rs3bn to Rs4bn during the year, consolidating Ranbaxy's position as India's leading pharmaceuticals exporter. Exports were 46 per cent of total turnover, up from 42 per cent a year earlier, with sales growing in its Chinese, UK, Italian, Russian and US markets.

Ranbaxy produces a range of antibiotics, anti-malaria, anti-ulcer and anti-bacterial drugs, with its top three drugs, Roscillin, Cifran and Sporidex among India's top 10 selling koscinin, Caran and Sporidex among India's top 10 selling pharmaceutical brands. The company, second only to the UK's Glaxo-Wellcome in the Indian market, last year entered two joint ventures with Eli Lilly, the US pharmaccuticals group—with a total joint investment of \$45m—to market Ranbaxy products in the US and to research and develop new generic drugs in India. The company said the marketing venture should begin operations by the end of this year, while construction work has begun at Mohali, in Puniah state on construction work has begun at Mohali, in Punjab state, on the Lilly-Ranbaxy research centre.

Mark Nicholson, New Delhi

Cement sales lift Birla Jute

Birla Jute & Industries, one of India's larger cement and jute poiria Jute & industries, one of india's larger cement and jute groups, lifted earnings 52 per cent to Rs440m (\$12.9m) in the year ended March 31. The increase was attributed to strong growth in cement sales. Pre-tax profits were up 119 per cent to Rs680m but provisions for tax rose from Rs25m for 1994-95 to Rs245m. The company recorded a 20 per cent growth in total income to Rs11bn. Even though the earnings per share rose sharply to Rs14.32 from Rs9.42, the board decided to maintain snarply to RSI-132 from RSS-14, the doubt detailed to inflate the dividend at 35 per cent which would claim Rs107m. Export income was up 10 per cent to Rs1.03bn.

Mr A.L. Kapur, chief executive officer, said cement sales of Rs7.53bn accounted for 73 per cent of the turnover. The

company's jute business, however, faced difficulties because the "exorbitant raw material prices and a sharp increase in

the wage bill as a result of a strike settlement."

Birla Jute is awaiting environmental clearance for the construction of two 1.2m tonne capacity cement plants at Satna in Madhya Pradesh and Chittor in Rajasthan at a cost of Rs7bn. The two new plants will raise the company's cement capacity to 5.9m tonnes.

Chinese securities houses merge

China's largest securities trading house has been formed from the merger of Shanghai Shenyin Securities and Shanghai International Securities. The institution will be known as Shanghai Shenyin International Securities Co and will be expected to compete with international brokerages which are establishing a firmer footbold in China.

The merger follows the virtual collapse of Shanghai international Securities, which foundered after disastrous losses in a bond futures trading scandal in February 1995. Shenyin International said: "The original companies are dissolved and all their debts and assets are borne by the new company." No details were provided of how Shanghai International's losses from bond futures trading were Tony Walker, Beijing

Philex plans goldmining spin-off

Philex Mining, the Philippines' largest domestic mining company, is to spin off its gold operations into a separate company and list them abroad in an initial public offering later this year. Mr Jerry Brimo, chairman of Philex, said yesterday that the operation would be the first time a Philippine mining company had been exclusively listed

The listing, which would net the company a minimum of US\$300m assuming gold prices of US\$1,500 per oz, would probably be held in Toronto or Vancouver, Mr Brimo said, although final details had not been worked out.

The spun-off subsidiary, which is expected to be approved at the stockholders' meeting in mid-May, would include the company's Bulawan gold mine in Negros Occidental (central Philippines), its Sibutad gold venture in Zamboanga, southern Philippines, and proceeds from various gold claims in Luzon and the south. The company would have an output of about 20,000 oz of gold per annum. Edward Luce, Manila

Philippines tyremaker to sell up

Tyre maker Sime Darby Pilipinas, which has long been beset by labour problems, said yesterday it would sell its assets to rival company Goodyear Philippines. No financial details were

The Sime Darby Pilipinas president, Mr Sean Kelly, said the company would terminate its manufacturing operations and venture into other business, "most probably in real estate. construction and housing development". It decided to halt tyre manufacturing after management and workers failed to conclude a collective bargaining agreement. Reuter. Manila

14.720.000 Shares

This portion of the offering was offered in the United States by the undersigned

Goldman, Sachs & Co.

Goldman Sachs International

Merrill Lynch & Co.

George K. Baum & Company

George K. Baum & Company

Baverische Landesbank

Nomura International

Bear, Steams & Co. Inc. Dean Witter Reynolds Inc.

Montgomery Securities

ABN AMRO Hoare Govett

Deutsche Morgan Grenfell

Alex. Brown & Sons A.G. Edwards & Sons, Inc. **CS First Boston**

J.P. Morgan & Co.

Everen Securities, Inc.

PaineWebber Incorporated Wasserstein Perella Securities, Inc. Robert W. Baird & Co. William Blair & Company

Prudential Securities Incorporated

Morgan Stanley & Co. Salomon Brothers Inc

J. C. Bradford & Co.

Cowen & Company **Furman Selz**

The Ohio Company

Edward Jones

Legg Mason Wood Walker Wessels, Arnold & Henderson, LLC. McDonald & Company

Unterberg Harris Wheat First Butcher Singer

Barrington Research Associates, Inc. Fahnestock & Co. Inc.

Brean Murray, Foster Securities Inc.

The Chicago Corporation WR Lazard, Laidlaw & Luther, Inc.

Gabelli & Company, Inc. Muriel Siebert & Co., Inc.

Stifel, Nicolaus & Company

Utendahi Capitai Partners, L.P.

BankWest, the Perth-based while an extraordinary gain of regional bank which is con-A\$13.9m came from the sale of trolled by Bank of Scotland, the bank's land development yesterday announced net profits of A\$51.2m (US\$40.5m) in During the five-month

February. Profit after tax but before items was A\$35.1m (US\$27.7m), and the bank added that it was confident of meeting its recent prospectus forecast of A\$100.2m in the year to

The bank is in the process of changing its year-end to February, to tally with Bank of Scotland's financial year, and did not issue comparable fivemonth figures for 1994-95. However, the A\$35.1m profit

Indonesian private banks advance

By Manuela Saragosa

Bank Niaga and Bank Tiara, two private Indonesian banks, reported net profit in 1995 increased by 53 per cent and 75 per cent, respectively, on the year before, reflecting growth in loan portfolios of about 30

per cent in each case.

However, analysts predicted earnings growth at this level would not be repeated this year, after the central bank's moves in January by the cen-tral bank, Bank Indonesisa, to

set limits on banks' credit has been capped at about 25 growth. The action is part of a per cent for 1996 while Bank growth. The action is part of a strategy by Bank Indonesia to control the liquidity and quality of the banking industry after a series of bad debt scandals in recent years. Bank Niaga, one of Indones-

ia's leading private banks, said net profit in 1995 rose from Rp41.67bn a year to Rp63.96bn (\$27.5m). Bank Tiara, a medi-um-sized private retail bank, said net profit increased from Rp31.32bn to Rp58.61bn. Analysts noted that Bank

Tiara's overall credit growth

Niaga's has been set at about 20 per cent. From the beginning of this year, banks are required to

submit loan growth proposals for approval by the central Bank Indonesia has relied on moral persuasion to convince banks to comply with its regu-lations but is now set to enforce targets set for loan

open branches; most large pri-vate retail banks in Indonesia depend heavily on new branch openings to raise third party funds to finance their loan expansions. For example, Bank Danamon and Bank Central Asia, two of Indonesia's largest private sector banks, open between 20 and 40 branches

annually.

Analysts expect earnings growth at private banks to be supported by healthy interest growth using various tools. margins as deposit rates fall in the second half of this year and Analysts say these will include withholding licences to lending rates stay stable.

OVERSEAS UNION BANK LIMITED US\$100,000,000

Subordinated Floating Rate Notes due 2011 (Redeemable at the option of the Noteholders in 1996 and 2006)

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the six months 25th April 1996 to 25th October 1996 has been fixed at 5.6875%. The interest payable on the relevant interest payment date, 25th October 1996, will be US\$7,227.86 per US\$250,000 Note.

West Merchant Benk Limited Agent Bank

SAEHAN MERCHANT BANKING CRPORATION

US\$100,000,000 Floating rate notes 2000

Notice is hereby given that for the interest period 25 April 1996 to 25 July 1996 the notes will carry an interest rate of 5.89219% per annum, interest poyable on 25 July 1996 will amount to US\$744.71 per US\$50,000 note.

Agent: Morgan Guaranty Trust Company **JPMorgan**

SUNKYONG INDUSTRIES LIMITED US \$ 50,000,000 FLOATING RATE NOTES DUE 1998

(Redeemable at the option of Noteholders in April 1996 and April 1997 and at the option of the Issuer on any interest payment date falling in or

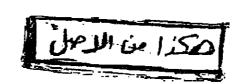
In accordance with the provisions of the Notes, notice is hereby given as Interest period: April 24, 1996 to July 24, 1996 interest payment date: April 24, 1996 Interest rate: 5.85938% per annum

Coupon amount US \$ 3,702,80 per note of US \$ 250,000

BANQUE INTERNATIONALE **BILT** A LUXEMBOURG III THE REPUBLIC OF ARGENTINA

NEW MONEY BOND DUE 1999 Notice is hereby given that for the interest period beginning on April 25th 1996 and ending on October 25th 1996, the bond will corry an interest rate of 6.50 pc. per annum.

Banco Central De La Republica Argentina Republic of Argentina Financial Agent



FINANCIAL TIMES THURSDAY APRIL 25 1996

All of these Securities have been sold. This announcement appears as a matter of record only.



110,000,000 Shares in the form of Shares and American Depositary Shares

SEK 180 a Share and U.S.\$ 27.0778 an American Depositary Share

Global Offering by

INVESTOR AB

Global Coordination Group

MORGAN STANLEY & CO.

ENSKILDA SECURITIES Skandinaviska Enskilda Banken

SBC WARBURG

Nordic Region

United States and Canada

J.P. MORGAN & CO.

ENSKILDA SECURITIES Skandinaviska Enskilda Banken

S.G. WARBURG & CO. INC.

MERRILL LYNCH & CO.

ENSKILDA SECURITIES

ALFRED BERG FONDKOMMISSION AB

HANDELSBANKEN MARKETS

DEN DANSKE BANK

MORGAN STANLEY & CO.

DEUTSCHE MORGAN GRENFELL

MORGAN STANLEY & CO.

CS FIRST BOSTON

GAN STANLEY & CO.
International
SBC WARBURG

United Kingdom and Republic of Ireland

SBC WARBURG

UBS LIMITED

CAZENOVE & CO.

ENSKILDA SECURITIES

ndinaviska Enskilda Banken
MORGAN STANLEY & CO

HSBC INVESTMENT BANKING

J.P. MORGAN SECURITIES LTD.

NATWEST SECURITIES LIMITED

Rest of World

MORGAN STANLEY & CO.

ternational
CREDIT LYONNAIS SECURITIES

DEUTSCHE MORGAN GRENFELL

HSBC INVESTMENT BANKING

SBC WARBURG

UBS LIMITED

ABN AMRO HOARE GOVETT

CREDITANSTALT INVESTMENT BANK

DAIWA EUROPE LIMITED

ENSKILDA SECURITIES Skandinavisku Enakilda Banken

MEDIOBANCA-BANCA DI CREDITO FINANZIARIO S.P.A.

the interest

BankWest contributes £20m for three months

Bank of Scotland rises 21%

By George Graham. Banking Correspondent

Bank of Scotland, the Edinburgh-based clearing bank, aims to build on its expanding presence in Australia and New Zealand to "open a gateway" to the Asia Pacific

Sir Bruce Pattullo, governor and group chief executive, said the £236m acquisition of a 51 per cent stake in Bank of Western Australia, coupled with existing operations in Australia and Countrywide Bank in New Zealand, left the group with 19 per cent of its assets in

BankWest, though included only for three months, contributed £19.7m to Bank of Scotland's pre-tax profits of £545m in the year to February 29, a rise of 21 per cent.

"The fact that the focus ended up in Australia and New Zealand is a mixture of opportunism and strategy," Bruce said, acknowledging that Bank of Scotland had in the 1980s considered acquisitions in the US.

It also tried to negotiate a merger of Countrywide and Trust Bank of New Zealand, but lost out to Westpac of Australia, which won the auction this month with an offer worth

(-) (84.4) (26) (17.7)

(50.5) (61.3) (0.92) (88.7) (61.8)

(152.8#) (154.9##)

1.29

160.8 170.6

Yr to Jan 27 Yr to Dec 31

18 mths to Dec 31

6 anths to Dec 31

"We don't get into hostile situations and we'll never put top

dollar on the table," he said. The expanded international operations have prompted Sir Bruce, who has since 1991 comhined the roles of governor and group chief executive, to hand over the second role to Mr Peter Burt, chief general manager of the parent clearing

"We need a little bit more flexibility on who does what," Profits were boosted by

Sir Bruce said. 260.6m of non-recurring gains, including profits on the sale of stakes in Halifax Credit Card

25.8 1.74 10.1

(29.8) (18.75)

(8.19) (7.59) (0.217L)

(7.21) (0.191)

0.42 1.59 7.02

6.91 0.194

but the group called the rise in operating and pre-tax profits 'excellent".

Earnings per share rose 16 per cent to 25.8p, and the board proposed an 18 per cent increase in the dividend to Anxiety over a sharp rise in

its cost/income ratio knocked the bank's shares yesterday. They fell 8p to 251p. Administrative expenses

rose 19 per cent to £713.1m, as the bank invested heavily in computer systems, branch refurbishment and an expansion of NWS Bank, its finance

6.85 2.22 4.1 6.4 7.3 8.75

5.82 2.150 3.7 4.3 6.5 3.22



Sir Bruce Pattullo: seeking a gateway to Asia Pacific region through Australia and New Zealand

Boral sells UK plant for £24m

By Andrew Taylor in London and Nikki Tait in Sydney

ARC, Hanson's building materials subsidiary. has become Britain's biggest manufacturer of concrete blocks with the 524m (\$36m) purchase of Boral Edenhall from Boral, the Australian building materials and energy group. The business, based in Penrith in Cumbria, operates seven concrete block plants, four concrete brick plants and a sand and gravel quarry.

The purchase makes ARC market leader with about 17 per cent of the total block market and 24 per cent of dense concrete block sales.

The market for concrete blocks has been difficult over the past 12 months but is expected to pick up following a revival in new house sales in the first four months of this year and an increase in commercial development.

Boral said that its UK subsidiary unit, was a standalone operation and separate from its core European activities of clay bricks and tiles. Earlier this year it announced the sale of other quarry, sand and gravel interests in Germany. although the deal is still waiting approval from the German anti-trust authorities. And it intends selling Calcit, its remaining quarry in

Wienerberger fades from Redland bricks sale

By Andrew Taylor in London and Eric Frey in Vienna

Wienerberger, the Austrian building materials group, yesterday appeared to have ruled itself out as a purchaser of Redland's UK brick interests after announcing a large Relgian acquisition.

The merger of Koramic's Belgian-based brick interests with Wienerberger will create one of the world's largest brick manufacturing businesses.

Wienerberger said last night it was still bidding for Redland's UK brick interests, but thought it was unlikely to suc-

Redland had previously sold its 35 per cent stake in Terca, its Belgium-based brick interests, to Koramic, its joint ven-

ture partner, for £71m. Koramic has now sold its brick interests, which include plants in Belgium, the Netherlands, France and Germany, for a 20 per cent interest in the Austrian group, which has a market capitalisation of about Sch£14.9bn. The stake is raised to 25.1 per cent through a separate deal with Creditanstalt-Bankverein. Wienerberger's largest shareholder.

....

.

aran da nging

in replaced

FINANCIAL NEWS FROM BANK OF SCOTLAND

Bank of Scotland **Annual Results**

	1996	1995
TOTAL PROFIT FROM GROUP OPERATIONS BEFORE PROVISIONS	£706.4m	£650.0m
PROFIT BEFORE TAXATION	£545.0m	£449.7m
TOTAL CAPITAL RESOURCES	£3,533m	£2,731m
TOTAL ASSETS	£44,099m	£34,104m
EARNINGS PER ORDINARY STOCK UNIT	25.8p	22.3p
DIVIDEND PER ORDINARY STOCK UNIT	6.85p	5.82p

- Total profit from Group operations before provisions a record £706.4 million
- O Profit before taxation up 21 per cent on 1995
- O Dividend increased by 17.7 per cent
- Cost : Income ratio 52.1 per cent



For a copy of the Bank's Annual Report contact the Marketing Services and Public Relations Department, Bank of Scotland, Uberior House, PO Box 12, 61 Grassmarket, Edinburgh EHI 21F.

Amersham raises stake in Nihon

Amersham International, the health sciences group, is to increase its stake in Nihon Medi-Physics, its radiopharmaceutical joint venture with Sumitomo Chemical, Japan's largest chemical producer. Amersham, which bought 20 per cent of NMP in December 1994 for Y8.52bn is raising its holding to 50 per cent in exchange for Y8.28bn cash and the transfer of its Japanese healthcare business to NAP.

Following the transaction. Amersham will have about 30 per cent of the world nuclear medicine market, nearly double that of its nearest competitor and will command more than 60 per cent of the Japanese market.

When Amersham bought its initial NMP stake it was granted the option to buy a further 30 per cent within two to five years, but it was not eligible to raise its holding until December of this year. However, Mr Bill Castell, chief executive, said the group would complete the deal in October. "We are moving to 50 per cent a couple months earlier than was in the option because we came to financial agreements on the valuation of the two businesses," he said.

BET and Rentokil trade insults

BET and Rentokil yesterday traded insults in a last-ditch attempt to sway shareholders before the £2.1bn (\$3.17bn) takeover battle closes on Friday.

BET, the target company, claimed that Rentokil, the rival business services group, could have a "dreadful" balance sheet £229m and net debts of over £776m.

Rentokil hit back saying that BET had provided no details about its plans for the cleaning, catering and personnel businesses which accounted for one-third of the group's turnover and half its staff.

Framlington's emerging push

Framlington, the UK fund management company owned by CCF of France, is continuing its push into emerging markets with a new mandate from the European Bank for Reconstruction and Development. The EBRD, the international financial institution designed to promote the private sector in eastern Europe, has chosen it to manage a £33m (\$50m) fund to invest in Slovakian privatisations.

C&W man for Littlewoods

Mr James Ross, the former chief executive of Cable and Wireless, has been nominated as chairman of Littlewoods, the family-owned retailer, mail order and football pools group.

Mr Ross, 57, and Lord Young, C&W's chairman, left the telecommunications company last November after a personality clash and power struggle between the two derailed Roderick Oram,

LEX COMMENT Bank of Scotland

The market's punishment of Bank of Scotland for an uncharacteristic departure from its cheese-paring ways looks like a mistake. Its share price fell yesterday, when the group reported a rise in its cost to income ratio of just over two percentage points to 52 per cent last year. True, other banks are cutting costs and return-ing money to shareholders through share buy-backs or rapidly increasing dividends. But Bank of Scotland's cost ratio is still considerably lower than most, and its pretax return on equity of more

Bank of Scotland

than 36 per cent should give investors some confidence that management is using capital wisely. And though the rise in costs is partly due to investment in computers and branch refurbishment, which will provide little obvious boost to income, the bank has at least a clear idea of how to grow its business. It is also investing in the expansion of its highly successfully finance house, NWS Bank.

Without share buy-backs, investors will want to see those investments translate into higher profits. Given the pace of recent asset expansion, the bank's underlying profits increase of 5 per cent is disappointing. Still, worries that the bank is not generating enough capital to support the risks it is assuming look overdone. At 6.1 per cent, its tier one capital ratio is lower than most of its peers. But the type of risk matters more than the crude statistic, and the quality of the bank's lending appears solid enough. Provided it has sufficient capital to accommodate further asset growth as the economy picks up. Bank of Scotland shares, trading at the average earnings multiple for the sector, still look like an attractive alternative



lades little

Kedland

Amarylam raise

Atoka in Vihon

THE RESERVE OF THE PARTY OF THE

DTI BLOCKS POWER BIDS

Ian Lang, trade and industry secretary, says electricity takeovers would be "detrimental to competition"

Recs 'left exposed to overseas raids'

By Patrick Harverson and David Wighton

The rejection of National Power's bid for Southern Electric and of PowerGen's bid for Midlands Electricity will not slam the brakes on the consolidation of the UK electricity

That was the message from City analysts yesterday, who argued that Mr Ian Lang's decision to block attempts to vertically integrate a large chunk of the industry might even have the opposite effect and acceler-

ate the process.

They believed the blocking of the two bids by the trade and industry secretary could encourage continental Euro-pean and US utility groups to step in and buy the six independent regional electricity companies (recs). They also said that it exposes the genera-tors to takeovers by foreign

This leaves the entire sector far more vulnerable to over-seas bids," said one analyst. Lang says he is not in principle against vertical integration, just these vertical integrations. Any vertical integration that's not an English vertical integration seems to be acceptable."

The chief executive of one of the remaining independent recs agreed. "I don't think this changes the position of the independent recs in terms of takeovers one iota," he said. "The only difference now is there are two more in the

Aside from the six independent English recs - Southern, Midlands, Northern, East Midlands. Yorkshire and London the three integrated power companies outside England (Northern Ireland Electricity, Scottish Power and Scottish Hydro) are also vulnerable to takeovers. However, the regulator's price review of Northern Ireland Electricity, due this summer, could put off poten-

but the largest predators to Mergers Commission on the

In spite of Mr Lang's move the City still believes that the bigger overseas utility companies will soon be falling over themselves to buy an English generator or a rec. In the US, more than half-a-dozen utilities are viewed as likely candidates to establish a presence in the UK electricity market. They include Southern Company, Houston Industries, Mission Energy, Duke Power, Florida Power & Light, General Public Utilities and Pacific Gas &

The US groups operate under extremely tight regulatory regimes at home, and are under shareholder pressure to invest abroad. With access to cash and cheap financing they have the means to do it, and in the UK they see an industry in the throes of consolidation that is relatively lightly regulated, and a country where acquisi-tions can be made in a low-risk environment. In this context, the investment rationale of a US group buying a rec or even a generator look compelling.

In continental Europe, the case for buying into the UK is less persuasive, but several large players are believed to be keen to enter the fray.

The first move from an overseas buyer could come from Southern Company, the Atlanta-based utility which last week revealed that it wanted to open merger talks with National Power. At the time the group made it clear that it did not want National Power to acquire Southern Electric, and the initial reaction from the stock market yesterday was that Mr Lang's decision would clear the way for the US utility to make an offer for the generator.

However, Southern may want to keep its options open. Because it already owns a regional supplier in Sweb, the group knows that a bid for

grounds that any acquisition of UK generator would represent the type of vertical inte-gration rejected by Mr Lang. Instead, Southern might decide to develop generating capacity in the UK by other means, either through a deal to lease or buy some of the plants owned by existing generators, a tie-up with the integrated

Scottish groups or the building

of its own generating plant. For National Power, the only certainty now is that it cannot buy a rec. Even if it is left alone by Southern of the US the generator will remain exposed to another foreign bid. Barring a foreign takeover, National Power plans to pursue its three-pronged strategy of developing a supply business through other routes such as joint ventures or contractual arrangements with recs, returning value to shareholders through a special dividend or a buyback, and expanding its international operations. PowerGen was putting on a

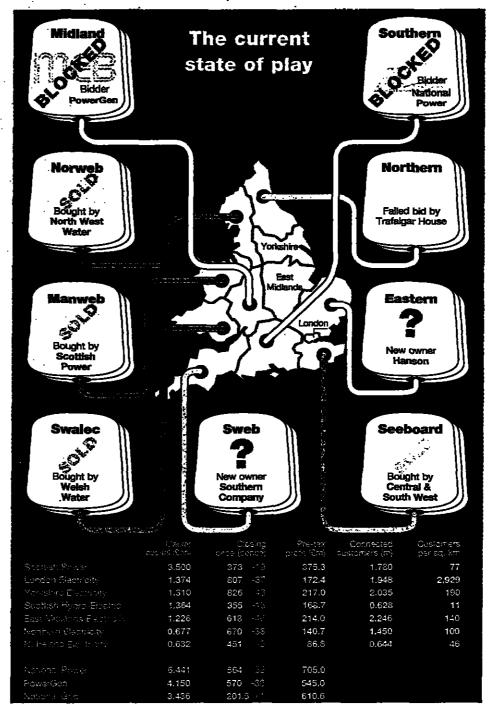
brave face in public yesterday. But there is no doubt that the

blocking of its bid for Midlands Electricity is a serious blow. That was clearly reflected in the share price which fell 36p to 570p yesterday in spite of the belief that PowerGen will use some of its spare cash on a share buy-back. Most analysts believed it unlikely that Power-Gen itself would receive a bid. If foreign takeovers fail to materialise, the outlook for the generators is not encouraging. PowerGen and National Power are facing a significant downturn in profits in the next comile of years. Mr John Reynolds, electricity analyst at James Capel, forecasts they could suffer a drop of between 20 per cent and 50 per cent as a

One of the most intriguing aspects of Mr Lang's decision is the implications that it has Power may prove too big for all referred to the Monopolies and lary. Last week, Eastern lator, who was concerned to

electricity market in 1998.

result of the changes in the



agreed to lease three power stations from National Power for payments estimated at £1.7bn over 10 years. This follows a similar deal involving two of PowerGen's stations. The disposals were made at the behest of Professor Stephen

reduce the dominance of National Power and PowerGen in setting the wholesale elec-

Prof Littlechild yesterday appeared to give his blessing to - but City analysts said that this appeared inconbids. On their figures, Eastern decline to 15 per cent by 2000. gates possible abuses, the responsibilities.

will become a vertically integrated group with a share of generation not far off that of PowerGen. Mr Nick Pink, an analyst at SBC Warburg, estimates that Eastern will have about 11 per cent of the market after the deal, while Power-

Decision will fuel call for **MMC** reform

By Stefan Wagstyl, Industrial Editor

It is not unprecedented for the government to reject the advice of the Monopolies and Mergers Commission, its competition policy arbiter. But it is rare for it to do so in such an important case.

The decision made by Mr Ian Lang, the trade and industry secretary, will fuel demands for the reform of competition policy, including the MMC's role. As one former competition policy official said last night This is a bad blow to the MMC. It shows how urgently we need to reform the structure of our competition

The MMC declined to comment. But it is expected to take the view that far from demonstrating shortcomings in competition policy, the decision proves that it works. "The issues were fully debated and discussed," said an official familiar with the MMC's role. "That is what is supposed to happen.

Nevertheless, Mr Lang's announcement comes at an awkward time, because the government is in the middle of a consultation programme on competition policy, having set out its agenda for possible reforms in a green paper last month.

These proposals, which concentrate on cartels and have little to say on mergers or anticompetitive practices, have been attacked as too modest by critics, including the Consumers Association - the independent watchdog - many competition lawyers, and the Labour

In particular these critics believe the government is wrong to leave intact the current three-way division of responsibility for competition policy between the Office of

MMC, which does in-depth investigations, and the government, which has the final say. Yesterday's decision raises three principal concerns.
First, it is seen as ironic that
in blocking the bids, the gov-

ernment has put a higher priority on competition issues than its competition watchdog. The law charges the MMC with judging issues in accordance with "the public interest" - a very broad definition. In the mid-1980s, this was narrowly defined in the so-called "Tebbi doctrine" - by the then Mr Norman Tebbit, the trade and industry secretary. He said the MMC should focus on competi-

But the Tebbit doctrine has been undermined by the Conservative government's wish to promote national champions consideration covered by the MMC in yesterday's report. Critics of the current regime say it should be for the government to consider such wider issues, not the MMC. "Perhaps we need a restatement of the Tebbit doctrine," said a competition lawyer.

Secondly, the government's critics - including the Labour party - accused ministers of inconsistency in assessing utilities mergers. They pointed out that last year's takeovers of Manweb by Scottish Hydro and the merger of Norweb with North West Water, raised similar competition issues. But the government declined to refer either to the MMC. The Consumers Association, among others, said yesterday that clearer guidelines would eliminate such inconsisten-

Finally, there were renewed demands for reform of the MMC's structure. One competition lawyer said the MMC had too many members, no guidelines and was not bound by precedent. So it was prone to

Lang makes his mark as king of competition and the consumer

The president is dead; long live the president. Any suggestion that Mr Ian Lang, the trade and industry secretary - or the president of the board of trade, and title - may be a dapper imitation of his predecessor, Mr Michael Heseltine, was yesterday utterly dispelled. His decision to block the bids

by National Power and Power-Gen runs counter to the philosophy introduced to the Department of Trade and Industry by Mr Heseltine. "I have no doubt that Hezza would have allowed the bids to proceed," said a senior government member. Mr Lang, the most urbane

and punctilious cabinet member, agonised about the decision up to the last moment. "It was very finely balanced," said one of his colleagues. "For a while I was sure it would go

the other way."
Mr Lang has now made his mergers and acquisitions priorities absolutely clear. "At last we have a coherent policy," said a minister. "Lang has made it clear he is in favour of competition and the consumer. Frankly, when Heseltine was doing the job, our approach was far less comprehensible."

Mr Heseltine, in his three years doing the ministerial job he loved more than any other, significantly amended the Thatcherite competition agenda of the 1980s. He paid lip service to the notion that takeovers should

not proceed if they had a deleterious effect on domestic competition - but he also championed the notion that the government should not stand in the way of the creation of giant companies, able to com-pete more effectively on the global stage. The classic example of this

approach was his decision in the middle of last year to allow GEC to buy VSEL, the ship-Builder - even though the Monopolies and Mergers Commission recommended that the deal should not proceed. Yesterday Mr Lang did pre-

cisely the reverse. The MMC said that the PowerGen and National Power takeovers should be allowed go ahead, but Mr Lang over-ruled it. It was an immensely difficult decision for him. To save him



Tough decision: colleagues say Ian Lang agonised about the bids

were all stressing in the run-up to the announcement that he was acting in a "quasi judicial" capacity. He was, they said, acting on the basis of some rather nebulous case law and that politics would not enter into the matter.

But the political pressures were immense, following the leak a fortnight ago of the MMC's recommendation. Tory free-market rightwingers, led by Mr Norman Lamont, the former chancellor, were urging him to block the deals.

Yesterday, euphoric at the announcement, Mr Lamont congratulated Mr Lang. "This is excellent news for electricity users and the government's privatisation programme."

Mr Lamont, who wrote to Mr Lang earlier this week arguing against the takeovers in the strongest possible terms, may have had an influence. "Thank God for Norman's intervention," said an influential member of the government.

However, other Tories had lobbied Mr Lang to back the MMC. Sir Michael Grylls, a

ing that "if these mergers create UK energy groups, fully open to the forces of competition in their domestic market, but better able to compete worldwide, then that must be good news for 'UK PLC'

In the background, Labour kept its powder dry - although Mr Gordon Brown, the shadow chancellor, urged that it should strongly object to the takeovers. Had the deals gone through, it was planning to force a vote on the issue -which could well have embarrassed the government, with

its slim majority. Yesterday, Mr Lang refused to be interviewed about his decision, saving it would not be proper as he had been acting in a "judicial" capacity.

Mr Lang's written statement

made it clear that he was not opposed in principle to vertical integration in the electricity industry, or distribution companies being owned by generators. However, there would be "significant detriments to competition" if the takeovers went ahead "in the current state of Tory backbencher, wrote say- the market". He was supported by views from the Office of Fair Trading, the competition watchdog, and the Office of Electricity Regulation.

A close colleague of Mr Lang yesterday said that the MMC's analysis had been "accepted", but not its conclusion. What he was referring to was the that the deals "may be expected to operate against the public interest".

However, the MMC also said that this damage to the public interest would be eliminated if certain minor conditions were imposed on PowerGen and National Power, forcing them to dispose of certain power station interests and amending licenses to facilitate regulation.

"We felt it was dangerous to go down that route," said a minister. We were less con-vinced than the MMC about the bealth of the market."

This is not the first time that Mr Lang has shown a reluctance to embrace Mr Heseltine's agenda in full In March, he wrote to the deputy prime minister expressing grave reservations about the latter's plans to deprive up to 9m workers in small businesses of legal protection against unfair dismissal. Ear-lier this year he retreated from Mr Heseltine's plans to privatise much of the administrative work in processing company

As a result, colleagues have noted tension entering their relationship. "They are not on the best of terms," said one.

whether Mr Lang has, by blocking the takeovers, merely jumped from one political minefield to another. It may open the door to a bid for National Power from the US electricity company, the Southern Company.

However, Mr Lang is no more politically naive than his sophisticated predecessor. One of his advisers pointed out yesterday that the government controls a golden share in National Power and PowerGen, limiting any individual investor in these companies to a holding no greater than 15 per

"We would not hesitate to enforce our golden share powers if there was an unwelcome bid." he said. If that prevents Southern bidding for National Power, Mr Lang can sit in his presidential suite in peace.

TAX - ACCOUNTING - LAW

Subscribe to these newsletters for the highest quality, practical guidance for professionals. For further details please tick relevant box:

- ☐ Business Law Europe instant overview of national, pan-European and global legal developments shaping European business in a twice monthly format.
- ☐ East European Business Law the reliable guide to fast changing laws in exciting new markets.
- ☐ World Tax Report analysing, country-by-country, the important changes in tax jurisdictions.
- ☐ World Accounting Report practical analysis of international developments in accepted practice.

Priced between £250 and £350 these Management Reports represent the best value for those requiring the latest research. Please tick relevant boxes for further information:

☐ European Tax Systems ☐ European Accounting Markets ☐ Accounting Harmonisation in Europe ☐ German Accounting Explained

Buying and Selling Accountancy Services

Buying and Selling Legal Services

International Guide to Interpreting Company Accounts International Stock Exchange Listings ☐ Company Reporting in the USA

BLOCK CAPITALS PLEASE		05844H
Name: Mr/Mrs/Ms	Job Title/Position	
Company Name		
Address		
·	Postcode/Zipcode	
Telephone	Fax	

Please return to Charlotte Green FT Financial Publishing, Maple House, 149 Tottenham Court Road London W1P 9LL, UK

Telephone: 0171 896 2314 Fax: 0171 896 2274



FINANCIAL TIMES Financial Publishing Providing essential information and objective analysis for the global

financial industry



Chernobyi's long-term effects

Genetic mutations have occurred twice as often in children of families exposed to the radioactive fallout from the 1986 Chernobyl accident, as elsewhere.

This finding, reported in today's Nature, may help focus attention on the long-term genetic quences of the disaster. which has its 10th anniversary

tomorrow.

Although the Chernobyl disaster has been linked with thyroid cancer in children, little has been known about the long-term health effects.

Scientists at the Russian Academy of Sciences, the University of Leicester and the Research Institute for Radiation Medicine in Mogilev studied people in Belarus, a few hundred kilometres from the disaster site. University of Leicester: tel, (0)116 252 3143; fax (0)116 252 3378.

Early warning for motorway drivers

A low-cost warning system that will inform motorway drivers of accidents, delays and visibility problems has been designed by a consortium of US electronics companies and Georgia Tech.

The transmission and nessaging systems send a wide range of emergency warnings to motorists using advanced radar detectors that can be read on a liquid crystal display. Transmitters would be placed on police and other emergency vehicles, bridges and signs. Georgia Institute of Technology:

US, tel 404 894 3444; fax 404 894

Satellite navigation for the blind

Trials are about to begin on a satellite navigation system designed to help blind people find 97289344104.

their way around cities. The EU-funded system consists of a portable computer, which contains electronic ordnance survey maps of the area, a speech synthesiser and a satellite

navigation system. The computer uses information from the satellite to plot the route; spoken instructions are transmitted via a small earphone. The Mobic consortium includes

UK, German and Swedish universities, FH Papenmetr of Germany, BT Laboratories and the Royal National Institute for

Royal National Institute for the Blind: UK, tel (0)171 388 1266; fax (0)171 388 7747.

Clearer sound from lightweight speaker

A lightweight hi-fi speaker has been designed that cuts down sound distortion by creating a virtually uniform magnetic field within the speaker.

The Kenwood Electronics speaker used two powerful, neodymium magnets inside the voice coil instead of the normal ferrite magnet which is usually placed around the voice coil. The speaker system, originally designed for the McLaren F1 Road Car, weighs up to two thirds less than conventional speakers. The cost of the systems range from £74.95 to £149.95. Kemvood Electronics: UK, tel

Witchweed meets its poison

(0)1923 816444; fax (0)1923 212477.

Scientists in Israel and Kenya have tripled corn yields on experimental plots by eradicating witchweed. This is a parasitic weed that devastates grain crops at a cost of some \$10m (£6.6m) a year in Kenya alone.

These weeds, which attach themselves to the root of the crop are difficult to deal with because by the time they emerge above the ground they have already drained the crop of nutrients.

The solution, put forward by the Weizmann Institute in Israel, was to choose a crop that is resistant to a certain type of herbicide and soak its seeds in it before planting. The parasitic weeds are killed by absorbing the weed-killer from the crop roots or

Weizmann Institute of Science: Israel, tel 97289343852; fax

Genes of yeast used in bread and beer hold vital clues about human illness, says Nicki Brimicombe

Using their loaf

n recent years, numerous experts and officials have said that moderate alcohol consumption is good for health. Now it appears that the yeast used to produce beer and wine may help combat human disease in other

An international group of scientists has just finished identifying the protein-encoding genes belong ing to yeast and found many simi larities between yeast genes and their human counterparts. The breakthrough was announced at a conference in Brussels yesterday.

The yeast is the first higher (or non-bacterial) organism to be completely decoded, which means that scientists can identify the protein which each gene is responsible for making. This knowledge will not only help brewers and bread makers, but should help research into human genetic disorders, accelerate drug design and reduce animal testing in medical research.

The completed map of yeast's genetic material (or genome) is the result of a seven-year European Commission-funded project involving more than 100 European laboratories. The only other living things to have been completely decoded are bacteria, which have a very different genetic make-up from that of

In yeast more than half of the 6,100 genes bear a resemblance to human genes. This means that many of the proteins made by yeast are similar to those made by man, and many of a yeast cell's responses will parallel those of a human cell. For these reasons studying yeast will give medical researchers insights into how a new drug might affect a human cell.

"Man has about 10 times more protein encoding genes than yeast," explains Andre Goffeau, professor at the Université Catholique de Louvain, in Belgium, who led the study. "The homologies between yeast genes and human genes will help us understand the function of human genes. In the long term it could also reduce the number of animals used



earch into yeast offers the prospect of improved to

decoded proteins remainder is a

mystery. The same is true for the

human genome: a large proportion

of the genes appear to code for pro-

in drug research, because reviewing tion, but the role of the remaining the effect of a test compound in a yeast cell will give us a good indication of what it will do in a human

The research has implications for the brewing and food industry which can use the information to make fast and accurate improvements in the performance of fermentation veast

Several yeast genes also appear to be involved in resistance to antibiotics and by relating this information to bacteria and new drug design scientists may overcome this increasingly common problem.

The next phase of the researchers' work will facilitate research into more effective treatments for diseases such as colon cancer, cystic fibrosis, Duchenne muscular dystrophy and early onset breast and ovarian cancer.

In these diseases malfunctioning genes are known to be involved. In most instances a number of genes "gang up" and it is their concerted malfunction which makes a person more likely to develop the illness. For most genetically related disses, scientists have only identified one or two of the causative genes. They need to know all the genes associated with a disease to develop an effective treatment. About 60 per cent of yeast's protein-encoding genes are responsible

for making proteins of known func-

teins which serve no apparent purpose and some of these genes appear to be dormant. These mystery genes could hold vital cines to many human diseases. Under normal circumstances they

may be dormant and not express the proteins for which they code. However, they might be activated if the environmental conditions change or they may act as a back-up which takes on the work of damaged genes. Alternatively, the proteins for which they are responsible could help protect the cell from disease or death. It may be that the malfunction of these mystery or "orphan" genes causes genetically linked disease:

The EU has just awarded one of its largest single grants of Ecu7.3m (25.7m) over two years to support a project in which 144 laboratories in 14 European countries will study yeast's orphan genes.

"Each laboratory will be allocated six of the mystery genes and endea-your to find the role of the protein for which they code," says Stephen Oliver, professor at the University of Manchester Institute of Science and Technology (Umist), who is scientific co-ordinator for the project.

They will systematically remove

each gene and then grow the damaged yeast in a variety of conditions
- in different nutrients, at a range of temperatures - to determine whether the yeast thrives or dies in the absence of the gene. Once the function of the mystery genes has heen established, scientists can see whether similar human genes play the same role and determine whether their malfunction could cause disease.'

In another project supported by the Wellcome Trust, scientists from Umist and the Institute of Molecular Medicine at the John Radcliffe Hospital in Oxford are developing a minimalist yeast in which all the non-essential, mystery genes are stripped out, leaving a yeast equipped with only the bare genetic

Each of the remaining genes will then be systematically removed and replaced with copies of human genes, to determine what protein this gene creates and whether it enables the yeast to survive. In the next step, mutated versions of the same human gene will be inserted into yeast to see whether the mutations are supportable.

In this way the minimalist yeast will help reveal those genes - even the orphan genes - which are vital to the healthy functioning of a cell, which mutations can be supported and which are likely to cause disease or death.

On the trail of **BSE**

volutionary biology has provided some new cines to one of the mysteries concerning the degenerative brain diseases. Creutzfeldt-Jakob disease and BSE in cattle. The apparent link between

some cases of CID and BSE in cattle has raised the question of why humans should be particularly susceptible to a brain disease of cattle. There is no evidence of humans being affected by scrapie, which has been endemic in sheep for centuries. Work published in today's Nature may provide an insight into this question by revealing some genetic similarities between certain brain proteins

in humans and cattle. The Medical Research Council funded research by Oxford's Department of Zoology and the NERC Institute of Virology into the evolutionary history of the genes that code for prions, the proteins that when altered in certain ways are responsible for

CJD, BSE and scrapie. The cattle prions were, unsurorisingly, more closely related to sheep prions than human prions. But the cattle and human prions share two features of their sequence that are not found in sheep prions. These are two "substitutions", where one amino acid in the prion protein has been swapped for another. The odds of the cattle and human protein sharing these substitutions at these precise positions by chance are just 1.2 in 10.000.

This finding is significant because the substitutions occur in a part of the gene thought to be involved in prion diseases. So far, the role of these substitutions can only be guessed at. It could protect the cellular prion protein from being modified by the pathogenic form of the probein: alternatively it could make them more susceptible.

For the present, David Erakmer, one of the Oxford researchers, warns against drawing over-basty conclusions. "All we have done is try to shift the debate from pure speculation to half speculation."

Vanessa Houlder

(Palitical)

Dividend 1995

Basel (Switzerland), 24 April 1996

At the General Meeting of the Company held on 24 April 1996, it was resolved that a dividend for the 1995 trading vear be declared as follows:

Gross dividend

Sfr. 20.-

Less 35% Federal Withholding Tax Net dividend

Sfr. 7.-Sfr. 13.-

per share.

Payment will be made with effect from 29 April 1996

- in respect of Registered Shares sent to the address registered by the holders for this purpose;
- in respect of Bearer Shares against surrender of Coupon No. 4.

Dividends will be paid free of charge at the following banks:

- Swiss Bank Corporation, Basel
- Crédit Suisse, Zurich
- Union Bank of Switzerland, Zurich
- Swiss Volksbank, Berne, or any Swiss branch of these banks
- Bank Sarasin & Co, Basel and Zurich
- Bank Ehinger & Co Ltd., Basel, and Messrs Lombard, Odier & Cie, Geneva.

By order of the Board of Directors Ciba-Geigy Limited

PIRELLI TYRE HOLDING N.V.

Established in Amsterdam

Shareholders are herewith invited to attend the annual

General Meeting of Shareholders

to be held on Friday 10 May 1996 in the WTC Club, World Trade Center. 1 Strawinskylaan, Amsterdam at 3.00 p.m.

The summary agenda is as follows:

1. Opening

2. Report of the Board of Management for 1995

3. Adoption of the annual accounts for 1995 and allocation of the net result

4. (Re)appointment of members of the Supervisory Board 5. Aunouricements, questions, close

The annual report, including the comprehensive agenda for this meeting, and the financial statements for the year 1995 as well as the details with respect to the members of the Supervisory Board to be (re)appointed are available for inspection at and may be obtained free of charge from the Company's office and the principal offices of the below mentioned banks.

Holders of hearer shares who (in person or by proxy) wish to attend the meeting must have lodged their shares not later than Tuesday 7 May 1996 at one of the following banks who will subsequently send them a receipt which will serve as: entrance ticket: . .

in the Netherlands at MeesPierson N.V., Amsterdam in Belgium at Generale Bank, Brussels

in Germany at Dresdoer Bank A.G., Frankfurt a.M.

in Italy at Credito Italiano, Milan in Switzerfand at Swiss Bank Corporation, Zürich

in the United Kingdein at Midland Bank PLC, London The Board of Management The Supervisory Board

25 April 1996 627 Strawinskylann 1077 XX: Amsterdam

Chemical Banking Corporation U.S. 5100,000,000

-75% per season for the period 4th April, 1996 to 24th July, 1996 4th a coupon amount of U.S. with a support amount of U.S. \$145.35 for the U.S. \$10,000 denomination and U.S. \$1,631.66 for the U.S. \$250,000 denomination and will be payable on 24th July, 1996 against accorder of Coupon No. 44.

The Top **Opportunities** Section For senior

management positions. For information call: Will Thomas +44 0171 873 3779

CANADIAN PACIFIC LIMITED (Incorporated in Canada)
(INTARIO & QUEBEC RAS.WAY COMPANY) 5 PER CENT DEBENTURE STOCK 5 PER CENT DEBENDATION OF STOCK 1 PER CENT COMMON STOCK 1 preparation for the payment of the helf-centy interest payable on Jame 1 next, the control of the payable on Jame 1 next, the control of the payable on Jame 1 next, the control of the payable on Jame 1 next, the control of the payable on Jame 1 next, the control of the payable of the payable

PHARMACEUTICAL BUSINESS NEWS

The twice-monthly international update on the pharmaceutical industry

Dublished every two weeks, Pharmaceutical Business News brings you up-to-date news, quantitative analysis, forecasts and inside information on new product introductions and joint venture agreements.

Pharmaceutical Business News also contains round-ups of essential interim and year-end company financial performance and results, plus news on acquisitions and mergers, and regular comment and views from the world's stockmarkets.

Who should read **Pharmaceutical Business** News?

Anybody that has dealings with the pharmaceutical business will find a subscription to Pharmaceutical Business News invaluable. It is an essential source of information for all pharmaceutical executives involved in:

■ Management

■ Marketing

■ Research & Development

Sales ■ Finance

■ Manufacturing

all or fax now for your FREE



FINANCIAL TIMES Pharmaceuticals and Healthcare Publishing Aura House, 53 Oldbridge Road, London SW12 8PJ Tel: + 44 (0) 181 710 2194 Fax: +44 (0) 181 673 1335

Pearson Professional, Registered Office: Maple House, 149 Tottenham Court Road, London WIP 9LL Registered No. 2970324 (England and Wales)

E-mail: 100414.271 @ CompuServe.com

Wheat price surges to Clouds over Zimbabwe tobacco fields | Clouds on beadaches caused by indigenisation policy and the 5% tax on sales new peak in fast trading

The Chicago grains market recorded another record high yesterday when the wheat futures contract for May at the Chicago Board of Trade hit \$6.65 a bushel in fast trading up from \$6.53 on Tuesday and compared with the all-time high of \$6.45 a bushel set in

Maize futures also achieved a new peak of \$4.82 by mid-session and the oats market reached its daily permissible limit when it jumped by 10 cents to \$2.68 per bushel.

The surge in prices is being driven by the tightest global wheat stocks since the second world war, a strong export market and concern about the US winter wheat crop. Traders pushed feedgrains such as oats higher as they continued to speculate on a

their plantings from oats to spring wheat or corn because of the better prices offered by Oats planting is also delayed

because of wet conditions and some snow on the ground in North and South Dakota and "The outlook is still very

uncertain and 1996-1997 is likely to be a very tight crop year," said Mr Dick Loewy, a Chicago agricultural analyst at "The markets will break

once we start getting spring wheat crops in, but that is still a long way off." Grain prices have been surging for the past 6 months when the tightness in world stocks started to become apparent. Analysts say that stocks have

now slipped lower than in the mid-1970s "Real prices of agricultural

for the last 40 years - we need a very substantial rise in price if we are going to limit con-sumption in line with falling supply," said Mr Steve Strongin, commodities research manager at Goldman Sachs in

more crops was a lot lower than most people believed. "Set-aside acreage in the Euro-pean Union and US is trivial in erms of global demand."

US analysts are expecting stock herds as farmers find

"Once that does happen, it

Mining Correspondent

Canada plans to take the lead in an international initiative to improve the management of mine tallings or waste, said Ms Anne McLellan, Canada's minister of natural resources, yes-

embarrassing accidents at mines outside Canada but partly owned by Canadian

Last year at the Omai Gold Mine in Guyana, operated by Cambior, part of a dam collapsed allowing waste to flow into a nearby river.

This month waste leaked from the Marcopper Mine in the Philippines, part owned by

COMMODITIES PRICES

BASE METALS

Speaking at the Investing in the Americas here in Florida, Ms McLellan said that "concerned governments, international institutions, and the world mining industry must move now to improve the management of tailings".

She pointed out that Canada not only provided technical advice after the Omai incident but had also given assistance to some other Latin American countries that wanted to improve their mine.

"But industry and governments have more to do. The implications of inaction are too great for industry to ignore",

"Canada would promote the idea via international organisations such as the United Nations Commission on sustainable development.

Precious Metals continued

New York

Mr Strongin added that the additional capacity for growing

high feed prices to lead to a massive liquidation of US livethey are not making a profit out of pigs and cattle.

will take 1 to 2 years to regenerate the hog and cattle herds and that will lead to big

we's tobacco auction floors opened this week. Following the wettest rainy season in a decade, the flue-cured tobacco crop will be slightly below the forecast 210m kg, but at 200m kgs production will still be up fractionally on last year's

198.8m kes

Quality, however, will be far superior to 1995's droughttressed crop and the market is anticipating an 18 per cent increase in average prices to around 250 US cents a kg (1995: 212 cents). If achieved, this will be the third highest price obtained on the floors after the record 325 cents (US) in 1991 and 265 cents the previous

ood rains and the Tworld shortage of

quality leaf point to

buoyant prices when Zimbab-

The last time prices took off in this way in 1990/91 the combination of output expansion and consumer resistance, resulted in a sharp downtorn that pushed the price as low as 125 cents in 1993. This time, however, the industry is more

Low labour costs and high yields make Zimbabwe a far more competitive producer of quality tobacco than its rivals in Brazil and North America. ought to be laughing all the way to the bank, but there are to the state. Because the

three clouds on the horizon. One is the land issue, revived in last month's presidential election campaign by President Robert Mugabe. Since taking office 16 years ago, his administration has

been promising to expropriate
- with some compensation white-owned farmland for redistribution to the country's black majority. Little has been achieved, but in recent months the president has turned up the heat a few notches, insisting that this time the govern-ment really will implement its

election promises. The second, more imminent, problem is the appropriement in February of a 5 per cent turnover tax on tobacco sold on the auction floors.

Although the finance bill including this new tax was passed by parliament last month, it has not yet been gazetted and growers hope that last minute representations might just result in a change of heart in government. It is not clear just how this could happen since it would involve the president either over-ruling parliament or sending the bill back to be amended.

The chief bone of contention at this stage is that growers are required to pay income tax on the 5 per cent that accrues tobacco sales tax is not deductible for income tax purposes, a grower is paying tax on income

With prices set to rise 18 per cent, the 5 per cent tax is less than industry-threatening, though ironically it will impact severely on the 9,000 or so black small-scale growers. These farmers are most vulnerable because their vields are well below those obtained by the large-scale farmers and leaf quality is usually poor too.

The most serious threat to the industry - or so it seems at this stage - is the activity of a vociferous black busines Mr Roger Roka, who has set up the (indigenous) Zimbabwe Association of Tobacco Merchants.

In recent months, he has promised to set up a third tobacco floor - scheduled to start operations within weeks with a capacity of virtually double the existing crop; he has set a May "tender" date for the entire 200m kg crop; and be has tried to block the award of a buying licence to the whiteowned merchant company Tribac, thereby bringing himself into open conflict with the Mr Denis Norman, minister of agriculture.

Just how the Boka tender plan will operate in a market



Dominated as it is by a handful of international buyers, the auction system may be imperfect but seems the best available

must sell their leaf on the auction floors, and in an industry with a vast range of different grades and qualities, is unclear. The auction floor sales system, criticised because of the dominance of a handful of major multinational buyers, may be imperfect but seems the best available.

The industry is too big and far too important for Zimthan a fifth of total world

the indigenisation campaign, but the signs are that President Mugabe himself will ster into the fray before very much

It is not going to be easy for him to come out against those pushing for tobacco industry indigenisation. The trick will be to find a way of appeasing the lobby for it without damage ing confidence in the country's

Mine waste management initiative from Canada

This initiative follows two

"It is important for Canada to take a lead role in develop ing a deeper understanding of the technical problems associated with mine tailings management," Ms McLennan said. Omai was closed for six

months after the accident while a public inquiry was held and the reasons for the dam failure investigated. Mr Brian Sucre, Guyana's Geology and Mines Commission, said that the incident provided "a good example of government and companies working together to overcome a major environmental prob-

> Mr Henry Roy, Cambior's senior vice president, finance and administration, said Omai would produce 270,000 troy ounces of gold this year compared with 175,000 in 1995.

OPIC restores Irian Jaya cover | BHP obtains delay

By Manuela Saragosa in Jakarta

The US Overseas Private Investment Corporation has reinstated \$100m in political risk insurance for Freeport McMoRan Copper & Gold's mining operation on the island of Irian Jaya, Indonesia. OPIC withdrew cover last

vear because it deemed that waste from the mine, which ranks as one of the world's largest copper and gold proects, was degrading rain forests in the region.

Freeport Indonesia, the Indonesian unit of the giant New Orleans-based mining company, said OPIC had agreed to reinstate the insurance untilthe end of this year. It said OPIC was encouraged

by Freeport's willingness to undertake a voluntary environmental audit and by indications the company will con-tinue efforts to manage the

mine's environmental impact. Last week. Dames & Moore, a US-based environmental consulting firm, established that although Freeport Indonesia had been "slow" to meet its environmental challenges in the past it had made significant progress in recent

It noted that Freeport had adopted 24 of the 33 recommendations made by the auditors, many of which go beyond the Indonesian government's requirements. The company is

considering the remainder.
OPIC, a US government agency which provides insurance for US companies doing business overseas, "will monitor the implementation of the recommendations throughout the eight-month period of the reinstatement," Freeport said.

 Sett
 Day's
 Open

 Pricer
 champs
 High
 Lum
 Vol
 Int

 56,300
 -1,075
 57,900
 56,025
 15,861
 37,440

 56,300
 -0,625
 60,300
 58,400
 6,181
 42,431

 51,500
 -0,575
 62,300
 80,700
 2,931
 16,144

 60,375
 -0,075
 61,100
 98,550
 1,220
 10,565

 51,200
 +0,050
 61,850
 90,390
 961
 7,963

 52,800
 +0,050
 61,850
 80,890
 961
 7,963

 52,800
 +0,050
 61,850
 80,890
 961
 7,963

MEAT AND LIVESTOCK

M LIVE HOGS CME (40,000lbs; cents/fbs)

M ALIBUMERA

TOCOL LCE

Heavy Fuel Oil Nephtha Jet tuel

Diesei

NATURAL GAS (Pence/the

Platinum (per troy oz.) Palledium (per troy oz.)

Tin (Kuala Lumpur) Tin (New York)

Cattle (live weight) Sheep (live weight) Pigs (live weight)!

Lon. day sugar (raw) Lon. day sugar (wte)

Wheet (US Dark North)

Coconus Oil (Phillip

Soyabeens (US)

Cotton Outlook'A' Index Wooltops (64s Super)

875

By Nikki Tait in Sydney and

Broken Hill Proprietary, the large Australian mining group, has won a 60-day stay in its long-running court battle with Papua New Guinean villagers over compensation for environmental damage resulting from

the Ok Tedi copper mine. In Melbourne's Supreme Court, Justice David Byrne has granted BHP's application to adjourn all compensation applications, in the light of a new PNG law which bans such

legal action in foreign courts.

JOTTER PAD

The law , which came into effect earlier this month, makes it an offence to pursue such claims through foreign courts, and provides for financial and jail term penalties.

Lawyers for BHP argued that the company risked breaching PNG law by fighting the compensation claim in Australia, and sought the delay while parties tried to decide how to proceed.

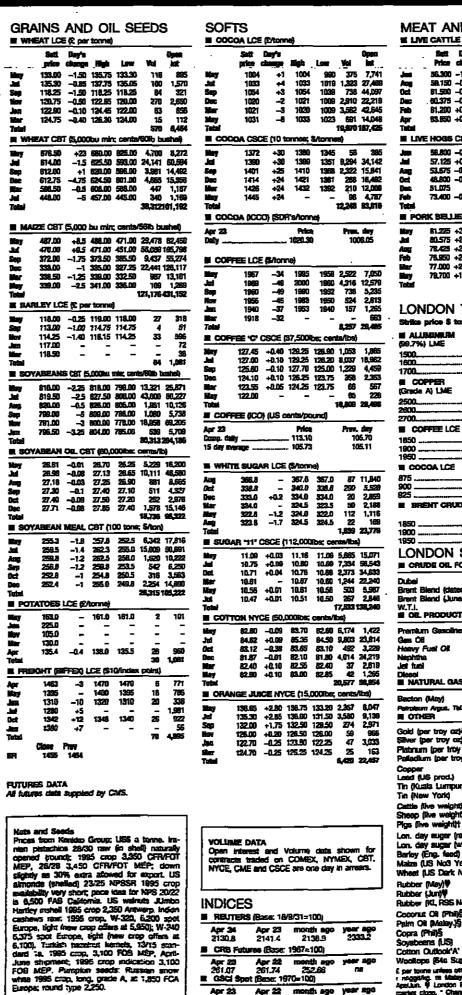
However, lawyers acting for the villagers said that their clients were willing to continue their compensation bid despite the risk of prosecution.

PHARMACEUTIC. DUSINESS NEW

11 3335

LANDAN ME	TAL EVA	HANCE	■ G C	KED CON	EX (10	Troy	vz.; S/tro
LONDON ME (Prices from Amelos			_	Sett	Day's		
E ALUMPTUM, 99.		_		_price	change	_ Mark	low
	Cash	3 mths	<u>A</u> pr	390.6 392.7		361.0 363.6	390.2 392.4
Close	1572.5-3.5	1606-7	Jan Jan	395.0		396.0	
Previous	1573-4	1607-8	Oct	397.4		ū	398.3
High/low AM Official	1568/1567 1567.5-8.5	1610/1602.5 1803-3.5	Dec. Feb	399.8		400.8	399.5
Kerb close	1307.3-0.3	1609-10	Tetal	7022	-0.7	_	_
Open Int.	212,509			ATINUM	NYME	(50 Tr	oy oz.; 8
Total delly turnover	39,955 CV (C oos toors	. ·	Apr	406-8		404.0	
ALUMINIUM ALL			#	404.8		405.2 408.0	403.1 407.0
Close Previous	1330-40 1330-35	1370-75 1365-70	Dež Jes	406.0 410.8		411.5	410.0
High/low		1370	Apr	413.5	-29	417.5	411.5
AM Official	1335-40	1370-75 1370-2	Tetzi		4 .20.5	~ ~~	T
Kerb close Open int.	5,704	1370~<		LLADIU	_		
Total daily turnover	1.734		Jan Sep	134.85 136.20		135.75	134.00
LEAD & per torre	e)		Dec		-1.35	_	_
Clase	809-10	805-5.5	Total				
Previous	820-2 814/813	813-4 810/805	# S#	VER CO		000 Tr	y cz.; C
High/low AM Official	812-3	807-8	Apr	529.0	-22	2200	550.0
Kerb close		607-8	Silay Jel	529.2 534.2		532.5 537.5	528-5 533-5
Open int. Total deliy tumover	36,774 5,668		Sap ·	539.1	-24	541.5	539.0
MICKEL (\$ per to			Dec	545.4		550.5	546.0 558.0
	7940-50	8040-45	Mes Total	554.0	-24	-	200.0
Close Previous	8030-40	8125-35					
High/low	7950	8100/9020					
AM Officiel Karb close	7960-85	8060-70 8080-90					
Open Int.	37,694		FNF	RGY	,		
Total daily turnover	8,003			UDE ON		X (42.0)	00 US n
TIN (\$ per tonne)					Day's	. ,	
Close	6510-20 6610-20	6530-40 6630-35			change	lägk	LOW
Previous High/low	9010-50	6820/6540	Jan	22.35	-0.35	23.36	22.17
M Official	6525-30	6540-50	Jel Inno	20,80 19,80	-0.25 -0.09	21.55 20.30	20.70 19.70
kerbclose Open int.	17,105	6525-30	Aug Sap	19.20		19.86	19.10
Cotol doby turnover	5,549		Oct.	18.85	-0.12	19.27	18.80
23NC, special hig	h grade (\$ per	tonne)	Hor Total	18.68	-0.08	19.02	18.50 1
Clase	1034.5-5.5	1060,5-1.0		UDE Off.	IPE (\$/	bелте()	
Previous High/low	1040-1	1066-6.5 1065/1069	==:		Day's	<u>-</u> -	
AM Official	1033.5-4.0	1059.5-80.0			والمحب		Low
Kerb clase	73,400	1063-4		19.83	-0.40	20.57	19.63
Open int. Total dality turnover	15,101		Jal Aug	18,95 18,35	-0,27 -0,24	19. 82 18.99	18.95 18.35
COPPER, grade A	4 (S per tonne)		Sep	17.98	-0.15	18.44	17.98
Close	2675-8	2595.5-6.5	Oct Nev	17.63 17.50		18.07 17.75	17.53 17.50
Previous	2680-2	2604-5	Total	,,,,,,			
High/low AM Official	2652-5	2607/2581 2582-3		ATING O	LL XME	X (42,00	0 US gall
hort close	-	2604-5		Lutest) ay's		
Open int Total dolly turnover	171,287 65,371				change	_	Low
M LME AM Official	-	14	May Jun	58.00 54.60	+0.70 0.16	58.80 65.70	
LIME Closing S/\$	rate: 1.5143		Jul	53.05	-0.21	54.05	52.60
Spec: 1 5140 3 prime: 1.5		4 9 auths: 1.5086	, tage	52.70 53.20	-0.16 +0.04	53.50 53.70	52.80 52.85
			Sap Oct		+0.34		
HIGH GRADE CO			Tetal	-			:
Sett Day's	: e High Law	Open Vel Est	E GAS	OIL PE	(2/pub)	<u> </u>	
	124,80, 122,45				Day's	•==	
miner 122,85 +1.15	12380 12060	4,366 15,451			+1.25		174 DO
<u>kanta</u> 12165 +1.05 kai 120.70 +1.70	121.60 120.00 121.20 118.60	278 1,422 3,745 17,893	júny Jen	169.25	+1,75	1725	169.00
Log 11945 +115	118.80 118.00	40 581	24	166.75	+1.75	169.00	166.50
Sep 118.30 +1.10	118.80 116.20	213 3,944	/mg		+1.25 +0.50		
fotal		9,16\$ 50,367	Sap Oct		+0.50		
	METALO		Total				
PRECIOUS I			# NAT	TURAL G	AS MY	EX (10,0	०० जन्म
E LONDON BULLIO Prices supplied by N	ri Market (M. Rothschild)			Lotest			
		ulv SFrequiv			change A see		Lew
	price £ 60% 3-391.20		May Jan	Z 190 2 247	_0,030 _0,048	2395	2.190 3 2.245 1
	191 AD				0.00	0.245	2245 1

_	Cash	3 miles	<u> </u>	392.7					102,613
Close Previous	1572,5-3.5 1573-4	1606-7 1607-8	Ang Oct	395.0 397.4	-0.7	Ū	398.3	176	
igh/low	1568/1557 1587,5-8.5	1610/1602.5 1803-3.5	Dec. Feb	399.8			399.5	534 214	24,235 5,135
VM Official Kerb close		1809-10	Total				_	15,000	283,751
Open Int. Total delily turnov	212,509 er 39,955			ATINUM	NYME	T 053 X	roy oz.;	\$/troy	
•	CLLOY (\$ per tonne	e) .	Apr Jul	406.8 404.8					
lose	1330-40	1370-75	Det	406.0	-29	408.0	407.D	23	3,385
Tevious	1330-35	1365-70 1370	Jun Aer	410.B 413.5					
ligh/low VM Official	1335-40	1370-75	Tatal	7123		-1119	7112		25,104
Cerb close	C 204	1370-2	E PA	LLADER	M NYM	EX (100	Troy o	z.; \$/irc	y cz.)
)pen int. 'otal daily tumov	5,704 ar 1,734		J	134.85		135.75	134.00		
LEAD (\$ per to		_	Sep Dec	135.20 137.45			_	106	
Beok	609-10	805-6.5	Total					498	
revious	820-2 814/813	813-4 810/805	M 58	VER CO	MEX (5	,000 Tn	oy cz.;	Cents/t	roy oz.)
ligh/low M Official	812-3	807-8	Apr	529.0 529.2					1 27,973
erb close	38,774	607-8	Silay Jel	524.2 534.2					42,138
ipen int. 'otal deliy tumow			Sep '	539.1	-24				12,076 8,578
NICKEL (\$ per			Dec Mar	545.4 554.0					
loze	7940-50	8040-45	Total						98,367
revious	8030-40 7950	8125-35 8100/9020							
ligh/low M Official	7960-85	8060-70							
erb close	37,694	8080-90							
ipen int. otol daily turnou				ERGY					
TIN (S per tonn			M CR	UDE OIL			00 US	ge#s. \$/	
lose	6510-20	8530-40			Day's change		Low	Wei	Open. ist
revidus	6610-20	6630-35 6820/6540	Jan	22.35	-0.35	-		53,451	
ligh/low M Othclai	6525-30	6540-50		26,80	-0.25	21.55	20.70	27,484	62,588
erlo close	17.105	6525-30	Aug Sap	19.80 19.20	-0.09 -0.11	19.86			33,108
pen int. otol doby turnov			Oct.	18.85	-0.12	19.27	18.80	3,039	
-	high grade (\$ per 1	tornel	Hov Total	18.68	-0.08	19.02		2,316 1 28,217	
056	1034.5-5.5	1060,5-1.0		UDE Off.	PE (S	/белте/)		_	
evicus ch/low	1040-1	1066-6,5 1065/1069		Lutres.	Day's	-			Open
d Official	1033.5-4.0	1059.5-80.0		price	وأنسبة		Low	Vol	int.
erb close pen int	73,400	1063-4	صد ادا	19.83 18.95	-0.40 -0.27	20.87 19.82	19.63 18.95	23,903 13,573	56,976 58,961
tal daily tumow	sr 15,101		Aug	18.35	-0.24	18.99	18.35	7,449	18,637
COPPER, grad	le A (S per tonne)		Sep Oct	17.96 17.83	-0.15 -0.22	18.44 18.07	17.98 17.63	2,631 2,384	12,598 7,339
36.8	2675-8	2595.5-6.5 2604-5	Nev	17.50		17.75	17.50		3,757
gh/low gh/low	2680-2	2607/2581	Total			D. 140 00	M 12	- 49	، طوی
Official	2652-5	2582-3 2684-5	. HE	ATING O		۸ ۱۰۲	U US Q	st; <u>CUS</u>	
nt) close sen int	171,287	400-0			Change Change	High	Low	Wol	Open int
eol dolly turnovi			May	58.00	+0.70	58.60	57.20	11,254	
LME AM OTHE	ini 6/\$ rete: 1.513 6/\$ rete: 1.5143	14	Jun Jul	54.60 53.05	-0.18 -0.21	55.70 54.05	54.35 52.80		18,209 12,980
	1.5121 6 mate: 1.510	4 9 mile: 1.5006		52.70	-0.1B	53.50	52.60	2,038	11,722
			Sep Oct	53.20 54.05	+0.04	53.70 54.10	\$2.95 53.90	446 154	6,364 3,573
	COPPER (COME)		Total						90,399
	ny's mga High Law	Open Vol ant	E GA	S OIL PE	(\$/10 (p)	<u> </u>			
	1.55 124.80 122.45	453 1,290		Sett	Day's	art -			Open
ry 122.65 +	1.15 123.80 120 60	4,366 15,451		pcice 174.25	41.75	15gb 178.25	174 NO	Voi 6.603	let 13,773
	1.05 121.60 120.00 1.70 121.20 118.60	278 1,422 3,745 17,893	jûny Jest	169.25	+1.75	1725	169.00	3,401	13,260
11945 +	! 15 118.80 118.60	40 581	**		+1.75	169.00	186.50		6.85 <u>8</u> 5,769
118.30 →	1.10 118.80 116.20	213 3,944 9,16\$ 50,367	/mg Sap			167.50 167.75		149 234	
_			Cel			167.00		80	1,610
RECIOUS	METALS		Total	rural g	ile m	EY Ma.	·····	. e	mPer t
LONDON BUIL	LION MARKET		<u> </u>	Letest		figh			Ones.
tons supplied b	y N. M. Rothschild)				Cay's change	High	Lew	Yel	int
Mat(Troy oct)	• p	alv SFrequily	May	2.190	-0.090	2.289	2,190	34,531	16,958
),80-391.29 1.10-391.40)m		-0.046 -0.046	2325	2245	11,318	31,584
anjuð gy rouguð 323:	391 10 258.0		Jel Jes		0.050 0.054	2.315 2.305		4,261 1,674	
жпооп ба	390.80 258.1	07 481.739	Sap	2215	-0 652	2.270	2215	1,377	13,375
a Low 390	1.20-391.50 1.50-390.90		Oct Telel	2.215	-0.049	2.256	2215	943 67,455 t	12,083 87,211
Maus (2000 391	1 50-391.90		Total	EADED	U16V	1945		J., (227)	الغيج
o Lde Mean G	old Lending Rate	(Ve USS)		EX (45°00) EX (45°00)			ale)		
		3.74		Lutest					Contract
ngnih	394		•		change	High	Low	Wei	int
month		US ets equiv.	Hay		+0.82	75.20		15,299	
month	p/troy 02.			70.90	-0.23	72.30	70.40	13,104	
menth	p/troy 02. 0 351,20	531.75	مير					£ 124	
month months ther fix	p/troy 02.	531,75 537,95 544,30	Jul Jul Aug	67.10 83.25	-0.20 -0.45	68.50 64.60	68,80 63,10	6,161 2,497	
month	p/troy 62. (351,20 355.75	531.75 537.95	Jul Aug Sep	67.10 63.25 60.15	-0.20 -0.45 -0.30	68.50 54.50 81.20	68.00 63.10 59.85	2,497 408	9,114 3,484
menth	p/troy 02. 1 351,20 355,75 360,40 369,80 \$ price	531.75 537.95 544.30 556.95 £ equiv.	Jul Sap Sap	67.10 83.25	-0.20 -0.45	68.50 64.60	\$4.80 \$3.10 \$3.95 57.25	2,497 408 70	9,114 3,494 1,117
month	p/troy 62. 1 351,20 355,75 360,40 369,80	531.75 537.95 544.30 556.95 £ equiv. 258-260	Jul Aug Sep	67.10 63.25 60.15	-0.20 -0.45 -0.30	68.50 54.50 81.20	\$4.80 \$3.10 \$3.95 57.25	2,497 408	9,114 3,494 1,117



\$8,800 -0.175 \$9.275 \$8,450 4,317 18,415 \$7,125 +0.150 57,400 56,875 1,403 7,858 \$3,575 -0.050 54,050 53,206 1,929 5,822 \$48,800 -0.200 49,200 48,500 49,4 3,913 \$1,075 - 51,425 50,800 328 3,728 73,400 -0.200 73,800 73,200 55 633 81.225 +2.000 81.225 79.025 1,319 4,085 80.575 +2.000 80.575 78.400 1,326 4,597 80.575 +2.000 80.575 78.400 78.425 +2.000 78.425 78.400 78.950 +2.000 78.950 75.700 77,000 +2,000 77,000 77,000 **CROSSWORD** No.9,052 Set by GRIFFIN LONDON TRADED OPTIONS - 18 21 51 115 108 Sep 112 63 32 LONDON SPOT MARKETS \$19.87-8.92 -0.29 6 Is cleverer than to have pains **ACROSS** after cold (9) 7 Low seat half scratched by ple speak (8,6) 10 Lift engineers turned as I animals (5) 8 Staff respect restructuring (7) 9 Grant with no name is free (6) 15 Man unclear about requiring \$197-199 11 Grasping line used by some acrobats (9) 12 Sauce label firm when filling in (7) great strength (9) 17 Holding Spike close is charm-9.50-9.60 18 Finding relief worker is French, storm (7) ing (9) 18 Allowance now on duty (9) 19 Will I cited as partly illegal (7) \$391.00 14 Direction's impossible when 21 When upset any son bothers! 16 I mixed Ribena Lawrence drunk (9) 19 Home girl's unhealthy diet derived from parents (9) neer's boat (5) 24 Run off with animal the social 20 Dance backward as many a bachelor will do (5) worker's forgotten (5) 26 Flog crack after dance (5) 310.50 107.10p 165.03p 104.34p 22 Reprimand college teacher rieht away (7) \$289.70 \$389.50 25 For a start is annoying some Solution 9,051 craftsman (7) 27 Naughty Colin's eaten girl's LIPOMA VANBRUGH pasta (9) 28 Said why boy's taking one back that's loud (5) -1.00 +2.0 29 On which one travels down? 388.00m \$800.0v (3,11) -15.0 \$567.5v (9) 3 Likelihood of first woman's name being included (5) 4 One needling people before

Gilts auction bid better than expected

By Samer Iskandar in London and Lisa Bransten in New York

International government bonds had a quiet session, with little change in prices, as markets had to absorb new 10-year paper in the UK and Germany, as well as an auction of fiveyear notes in the US.

Analysts said the dollar's failure to trade through the resistance level of DM1.52 deprived peripheral European markets from the boost they needed to continue outperforming German bunds.

UK glits saw little volatility, although the £3bn auction of 10-year paper was better bid than traders had expected. Bids covered 2.65 times the issue amount, and the tall the difference between the highest and the average accepted yields - came out at 2 basis points. At a previous auction of the same 10-year gilt, in December 1995, cover was only stretched out 11 basis points. The result was described as satisfactory by Mr Stuart

Thomson, chief international

economist at Nikko in London. Mr Andrew Roberts at UBS

Limited said the difference between the average price at the auction of 95% and the market price just before the auction of 96% showed that "large domestic accounts were quite willing to buy - and hold gilts, provided the price is right". He said buying interest was "limited above the 106 level" on Liffe's long gilt future. This contract closed at 106%, down 4.

■ Irish bonds continued to perform strongly, with the yield spread of 10-year UK gilts over Irish gilts widening by one basis point to 63 points. The 10-year benchmark, the 8 per cent bond due 2006, closed at 103.18. up 0.08. Mr Roberts at UBS said the momentum behind the recent outperformance was still strong, although the market was "getting close to levels where holders are tempted to take profits".

■ Mixed signals about the strength of the US economy and an auction of \$12.5bn in five-year notes set for later in the day kept US Treasury prices near their levels of late Tuesday in morning trading.

Near midday, the benchmark 30-year Treasury was 🕹 lower at 90% to yield 6.772 per cent while the two-year note was unchanged at 99%, yielding 5.925 per cent. The June Treasury bond future was down & at 110%. Traders were hopeful that

the afternoon's auction would bring the solid demand seen for Tuesday's two-year notes.

GOVERNMENT BONDS

In early trading, existing fiveyear notes were unchanged at 100% to yield 6.923 per cent. Figures on March durable goods orders were generally interpreted as weak, despite a larger than expected gain in the total. Orders rose by 1.4 per cent, only partially reversing February's 2.3 per cent decline, but economists had forecast a smaller rebound of 0.4 per cent. Most of the gains, however, came from a jump in aircraft orders that tend to be volatile and lag broader economic trends. Excluding the transport

the manufacturing sector, but at a moderate pace," said Ms Marilyn Schaja of Donaldson Luikin & Jenrette.

■ German bunds closed slightly higher, as dealers bought bonds to cover short positions they had taken before yesterday's auction of 10-year paper. Liffe's June bund future settled at 97.08, down 0.01, but in the cash market the 6 per cent bund due 2006 inched up by 0.17 to 97.73.

■ French OATs ended a quiet session slightly higher ahead of today's meeting of the central bank's monetary policy council. Matifs June notional future settled at 123.88, up 0.12. In the cash market, the 7% per cent OAT due 2006 closed at 106.05, up 0.02. The yield spread over bunds widened by three basis points to 10 points.

■ Italian bonds ended slightly higher, in line with other Europeen markets. Liffe's June BTP future settled at 114.03, up 0.08. In the cash market, the 10-year

Excluding aircraft, the data 98.80, up 0.04. The spread over indicate continued growth in German bunds was unchanged at 355 basis points.

Mr Mark Fox, head of fixed income research at Lehman Brothers, said "the convergence pattern has slowed down, which is normal after the recent strong move".

He said Italian short-term interest rates could fall by approximately one percentage point in the near future but warned that short maturities had already "factored in the cuts". Better value could be found in "intermediate and long term bonds".

Swedish bonds traded in line with bunds, the 10-year benchmark closing up 0.13 at 86.235. Lehman's Mr Fox said he believed this market to be the most promising of the Euro-pean high yielders, "having missed out on the strong tightening [of Spanish and Italian spreads] during the last two to three weeks".

He said he expected the 10-year yield spread to tighten by "at least 20 basis points against bunds", possibly within a week. This spread stood at 190 benchmark bond closed at points at vesterday's close.

Record D-Mark jumbo for Allianz International

By Conner Middelmann

The eurobond market was dominated by jumbo offerings - especially in the D-Mark sector, which saw three issues totalling DM3.5bn.

The highlight was the largest D-Mark issue for a German corporate: a DM1.5bn seven-year offer for Allianz International Finance, the funding arm of Germany's biggest insurance company. The bonds were priced to yield 22 basis points over bunds and 5 points over domestic mortgage bonds, considered relatively tight given that Allianz is an unrated cor-

porate. However, that was offset by the issuer's rarity value and its popularity among German and Swiss retail investors, said lead manager Dresdner Bank. The offering was further supported by the positive tone in the underlying government bond market, thanks to a successful bund auction and investors' increasing willingness to move further along the yield curve

into longer maturities. Two jumbo Pfandbriefe, or mortgage bonds, were also issued: DM1bn of six-year paper for Rheinische Hypoth-

ekenbank and DMIbn of fouryear bonds for Westfälische Hypothekenbank. While this paper is still largely placed in Germany, it is being targeted increasingly at overseas investors. The book-runners of both issues contained foreign banks:

INTERNATIONAL BONDS

URS in the former and Salomon in the latter. "Pfandbriefe are beginning to compete with D-Mark eurobonds - especially those aimed at international

investors," said a dealer. Nonetheless, traders did not expect yesterday's deals to eclipse the European Investment Bank's return to the market, due today, with a five-year bond of at least DM1bn via Dresdner and Merrill Lynch. in the dollar market, another jumbo - \$1bn of five-year global bonds for the US Federal National Mortgage Association - met strong demand.

"The dollar market has stabilised in recent weeks and investors wanted a new fiveyear benchmark," said an official at Lehman Brothers, joint

Another successful issuer in dollars was ABN Amro Bank. whose \$500m five-year deal saw such demand that its yield premium over Treasuries tight: ened slightly from the launch spread of 25 basis points.

"The bank hasn't done a public bond issue since the merger five years ago, and we wanted this to be a bellwether institutional transaction," said an official at lead manager ABN Amro Hoare Govett.

The first lira-denominated asset-backed securitisation, L785bn for SCCR Series One: was collateralised by a \$500m US dollar credit card-backed bond for MBNA, the US credit card company. "We wanted to explore opportunities for a lira asset-backed market, so the easiest thing was to take an existing security, repackage it and watch the response," saids an official at lead J.P. Morgan. The coupon is just 1 basis point above three-month Libor. but most lira FRNs tend to

yield below that level. Merrill Lynch launched an asset-backed floater for MBNA Master Trust. The \$637.5m deal will be priced today with a coupon of one-month Libor plus 15

Mexican Brady offer to test investor confidence

slipped 1 per cent.

sector, durable goods orders

By Richard Lapper

Mexico's offer to exchange up to \$2.5bn in outstanding Brady bonds for a new 30-year dollar-denominated global bond will provide an important test of investor confidence in the country, which is recovering from the financial crisis of early last year.

More broadly, it could also provide clues to the way other Brady bonds - issued by Latin American and some other governments in exchange for dis-tressed commercial bank debt might be restructured.

The offer, launched last

In exchange for Brady bonds, which yesterday yielded 341 basis points over 30-year US Treasuries, investors are being offered a new security which will yield at least 425 basis points over Treasuries, with the exact pricing and yield calculation depending on the result of a "Dutch auction" to

be held later this month. At the same time, however, investors that opt to trade-in the Bradys will assume greater risk. All Mexico's Bradys are backed by collateral in the form of 30-year zero-coupon US Treasuries, providing an element of security in the event of week, is complex but the basic default. By contrast, the new principle underlying it global bond provides no such

The Brady market prices Mexican risk though the "stripped yield spread", which is calculated on the price of the Brady less the price of the zero-coupon collateral. The stripped spread on Mexican par bonds stood at 734 basis points over Treasuries yesterday . However, the Mexican gov-

ernment argues that as a guide to pricing default risk, the stripped yield spread is inefficient and introduces an upwards blip into the longer end of its yield curve. It says that this is because the stripped yield is theoretical: to access it, investors would need to buy a derivative

By contrast, the new global bond gives easier access to Mexican risk. Dealers and analysts are currently betting that the spread on the new instrument will be between 525 and 575 basis points over Treasuries, compared with a yield spread of about 370 points over

Treasuries on Mexico's bench-

mark 10-year eurobond. For many investors this may not be sufficient compensation for holding 30-year Mexican paper: after all, Mexico has defaulted on its debt as recently as 1982.

Other investors could well be interested, however. For those looking for income, the higher

about 12 per cent, for example compared with just 6.88 per cent for Mexican discount bonds and 6.25 per cent for its par bonds

Mexican banks are also understood to be keen on the new instrument, partly for this reason and partly because of accounting rules. Indeed, last week positive

sentiment about the deal helped bolster the price of Mex-

ican Bradys.

According to West Merchant Bank's secondary market debt price index, by yesterday afternoon Mexico's Brady bonds had risen by 3 per cent since April 15, compared with a 2.3

Borrower	Amount m.	Coopea %	Price	Meturity	Fees %	Spread bp	Book-reaner
US DOLLARS MBNA Master Trust II (e)‡ ABN Aruro Bank .	637.5 500	(a) 6.5	(e) 39.40R	Sep 2003 May 2001	0.275 0.25R	- +2 5(6%% -01)	Mentil Lynch ABN Anno Hoere Govett
D-MARICS Allianz Inti Pinence Westiselische Hypo (p) Contrnerzbenk Overseez Pin (b)	1,5bn 1bn 250	8.00 4.50 5.25	99,23R 98.70 101.68R	May 2003 May 2000 Dec 1999	0.30R 0.225 0.23R	+22(6% %-03)	Dresdner Bank DG/Hypo/NordLB/Salomon Commerzbank
SWISS FRANCS POSK(d) EBN Deutsche Plandbrief (c)	460 150 200	4,125 3.75 3.50	100.13 108.00 102.80	May 2004 Dec 2001 Dec 1999	undiaci, 2.00 1.75	: .	Zürcher Kentonalbanken Cradit Sutsae Cradit Sutsae
FRENCH FRANCS Calase Netl des Autoroutes	1.5bn	6.80	99.43R	May 2012	0.42R		Credit Agricole/Lyonnals
NEW ZEALAND DOLLARS GECC	100	8.75	100.99	May 1999	1.50		Hambros Bank
ITALIAN LIRE SCCR Series Onet	785bn	(e)	100.0R	May 2000	0,15R		JP Morgan
Final terms, non-callable unless a note, #Semi-annual coupon, R: \$56.25m. Fees: 0.30, 1-mth Libor Plandorld und Hypothekenber Kantonalbenken.e) 3-mth Libor	fixed re-off or +28-30b; k. Incresse	er price; fe a. b) Origin d from Si	es shown ally isunche 1200m, Pi	at re-offer le ed for DM500	wel, a) To Dm 10/95.	be priced. 1-t Plus 163 days	mth Libor +15-16bp. Class accrued interest, c) Deutsc

principle underlying it global bond provides no such straightforward enough.	instrument, and that could be expensive. coupon is attractive. The new global could have a coupon of	
WORLD BOND PRICES		
BENCHMARK GOVERNMENT BONDS	M BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%	FT-ACTUARIES FIXED INTEREST INDICES
Red Day's Week Month Coupon Date Price change Yield ago ago	Strike CALLS PUTS Price Jun Jul Aug Sep Jun Jul Aug Sep	Price Indices Wed Day's Tue Accrued xd edj. — Low compon yield — Medium compon yield — High compon yield — Wight compon yield — High compon yield — Wight compon yield — Apr 24 Apr 23 Yr. ago Apr 24 Apr 23 Yr. ago Apr 24 Apr 23 Yr. ago
Australia 10.000 02/06 108.0230 +1.040 8.78 9.05 9.02 Austria 6.125 02/08 98.2100 -0.150 6.37 6.49 6.96	9700 0.66 0.49 0.71 0.84 0.58 1.31 1.53 1.66 9750 0.41 0.33 0.54 0.64 0.83 1.65 1.86 1.86	1 Up to 5 years (24) 121.72 +0.01 121.84 2.47 2.72 5 yrs 7.51 7.49 8.26 7.55 7.52 8.38 7.66 7.64 8.47 y 2 5-15 years (19) 146.06 -0.17 148.32 3.05 2.79 15 yrs 8.18 8.15 8.29 8.20 8.16 8.37 8.29 8.25 8.58
Belgium 7,000 05/08 102,8500 -0,030 8,80 6,73 7,20 Canada 8,750 12/05 107,0100 -0,030 7,70 7,72 7,73 Demmark 8,000 03/06 105,2400 -0,280 7,23 7,38 7,38 7,87	9800 0.24 0.22 0.40 0.48 1.16 2.04 2.22 2.30 Est. vol. total. Calls 20073 Puts 18343. Previous day's open Int Calls 198096 Puts 153166	3 Over 15 years (8) 160.49 -0.37 161.08 3.06 3.48 20 yrs 8.24 8.21 8.28 8.26 8.22 8.37 8.32 8.29 8.51 4 irredeemables (6) 184.80 -0.33 185.41 4.39 1.47 irred.† 8.29 8.26 8.32
Denmark 8,000 03/06 105,2400 -0,280 7,23 7,38 7,67 France STAN 5,750 03/01 100,8750 +0,120 5,53 5,79 5,74 OAT 7,250 04/06 108,0500 +0,020 5,41 8,58 8,70	italy	5 All stocks (SB) 141.48 -0.14 141.74 2.88 2.90 —— Inflation 5% Inflation 10%
Germany Bund 6,000 02/06 97,7300 +0.170 6.31 6.46 6.49 Ireland 8,000 08/06 103,1800 +0.060 7,53 7,78 8,04	II NOTIONAL ITALIAN GOVT. BOND (BTP) FLITURES (LIFFE)* Life 200m 100ths of 100%	Index-linked Apr 24 Apr 23 Yr. ego Apr 24 Apr 25 Yr. ego Apr 24 Apr 25 Yr. ego Apr 24 Apr 25 Yr. ego Apr 25 Yr. ego Apr 24 Apr 25 Yr. ego Apr 26 Apr 26 Apr 27 Yr. ego Apr 26 Apr 27 Yr. ego Apr 26 Apr 27 Yr. ego Apr 27 Yr. ego Apr 27 Yr. ego Apr 27 Yr. ego Apr 28 Yr. ego Apr 29
Basy 9,500 02/06 98,9000 +0.040 9,89† 10.24 10.45 Japen No.140 6,600 06/01 119,2820 +0.100 2,39 2,40 1,78	Open Sett price Change High Low Est. vol Open Int.	7 Over 5 years (11) 198,77 -0.04 198,84 1.20 1.33 Over 5 yrs 3.72 3.71 3.78 3.51 3.50 3.58 , 8 All stocks (12) 198,83 -0.03 188,89 1.17 1.40
No 182 3.000 09/05 97.6400 -0.170 3.33 3.35 3.15 Notherlands 8.000 01/06 98.0200 -0.080 6.27 6.41 6.51	Jun 113.55 .114.03 +0.08 114.29 113.62 41725 61864 Sep 113.50 113.39 +0.08 113.50 113.38 131 624	Average gross redemption yields are shown above. Coxpon Banda: Low: 0%-79%; Mediunt: 8%-10%%; High: 11% and over. † Flor yield, yet Year to date.
Portugal 11.875 02/05 117.5100 -0.230 8.91 9.16 9.76 Spain 10.150 01/06 106.1700 -0.300 9.14 9.35 10.01 Sweden 6.000 02/05 86.2360 +0.130 8.26 8.45 9.04	II ITALIAN GOVT. BOND (BTP) PUTURES OPTIONS (LIFFE) Lirazoom 100ths of 100% Strike PUTS PUTS	
Sweden 8,000 02/06 86,2360 +0.130 8,26 8,45 8,04 UK Gibs 8,000 12/00 102-05 -4/32 7,42 7,55 7,40 7,500 12/08 96-12 -2/32 8,01 8,12 8,10	Price Jun Sep Jun Sep 11400 1.12 1.97 1.09 2.58	ET BYER INTERECT MINIOEC AR 7 EROER AATRETY INDICEC
9.000 10/08 108-29 -4/32 8.11 8.22 8.22 US Tressury 6,625 02/08 93-17 -2/32 8.53 6,52 6,34	11480 0.88 1.75 1.35 2.86 11600 0.85 1.56 1.62 3.17	FT FIXED INTEREST INDICES Apr 24 Apr 23 Apr 22 Apr 19 Apr 18 Yr ago Hight Low Apr 23 Apr 22 Apr 19 Apr 18 Apr 17 2
6.000 02/26 90-00 -3/32 6.79 6.61 6.86 ECU (French Govrt) 7.500 04/05 104.8800 -0,080 6.78 6.99 7.30	Est. vol. lotal, Calis 3084 Puss 6949, Previous dey's open int., Calis 67839 Puss 85037	Govt. Secs. (UIX) 82.67 82.42 82.74 82.95 82.29 82.16 96.34 91.97 GET. Edged bergeins 122.4 102.4 79.8 93.9 86.8 Fixed interest 112.26 112.10 112.10 112.04 111.96 111.17 115.23 110.74 5-day average 97.1 88.9 84.3 82.4
London closing. "New York mid-day Yeads: Local market standard. † Gross (including withholding last at 12.5 per cent payable by nonresidents)."	Spain NOTIONAL SPANISH BOND FUTURES (MEST)	for 1998. Government Securities high eince compilation: 127.4 (03/01/35), low 49.18 (03/01/75). Fixed Interest high aince compilation: 133.87 (21/01/94), low 60.63 (03/01/76). Basis 100: Government Securities 16/10/25 and Private 1928. SE activity indices released 1974
Prices: US, UK in 20xds, others in decimal Source: A&AS international	Open Sett price Change High Low Est. vol. Open Int.	
US INTEREST RATES Linkest Treasury Bills and Board Yields	Jun 99.15 98.85 -0.23 99.17 98.76 65,012 45,725	FT/ISMA INTERNATIONAL BOND SERVICE
	UK # NOTIONAL UK GILT FUTURES (LIFFET ESD.000 SEnds of 100%	Listed are the latest intermedicnal bonds for which there is an adequate secondary merics. Latest prices at 7:10 pp. on April 24 Issued Skil Offer Cbg. Yield Issued Skil Offer Cbg. Yield Issued Skil Offer Cbg. Yield
One menth 5.11 Two year 5.52	Open Sett price Change High Low Est. vol. Open Int.	U.S. DOLLAR STRAIGHTS Swedges 8 677 2500 108 ¹ s, 106 ² s 3.70 Abbey Neal Treasury 8 03 £ 1000 98 ⁵ z 98 ³ s, 8.26.
	Jun 106-09 106-04 -0-05 106-19 106-01 78243 113650 Sep 105-04 -0-05 0 167	Abbay Nati Tensmay 61 ₂ 03 1000 67% 67% 48.84 United Ningdom 74 67 5500 105 105% 4 .84 Allemin Linics 11% 67 500 104% 68.51 Abbay Nati Tensmay 61 ₂ 03 1000 100% 100% 40 7.4 Volument ini Fin 7 03 1000 105% 103% 6.61 Bettin Land 61/2 32 500 86% 68% 44 10.38
	II LONG GILT FUTURES OPTIONS (LIFFE) 250,000 64ths of 100%	Althorn Dev Bit 7 23 500 95% 973 -k, 7.85 World Barris 0 15 2000 90½ 90% -k, 6.23 Denmark 64, 98 2 800 99% 98% 7.15 Alberta Province 7 98 1000 103 109% 628 World Barris 5 03 3000 99% 99% -k, 5.51 BB 803 C 1000 99% 99% 800% 8000 Wellcome 5 05 05 000% 900% 1000 100 100 100 100 100 100 100 100
BOND FUTURES AND OPTIONS	Price Jun Jul Aug Sep Jun Jul Aug Sep 106 0-63 0-57 1-12 1-27 0-55 1-49 2-04 2-19	Accente 8/2 00 400 106/2 106/4 6.46 SINSS FFANC STRAIGHTS Hereon 10/2 97 5 500 104/2 104/2 711-
	107 0-94 0-96 0-53 1-03 1-26 2-28 2-45 2-59 106 0-16 0-22 0-38 0-48 2-08 3-14 3-28 3-40	Bark Ned Germandan 7 59 1000 1024 1025 6.25 Austin 4 2 00 1000 1024 1025 2.25 Baly 105 14 2 400 1105 1105 8.35 Baser Versitable 8 9 0 500 105 105 50 Coursi Bross 4 9 250 104 1004 2.65 Baser New R7 00 E 900 105 7.05
France	Est. vol. total, Calls 3252 Puta 2188. Previous diav's open int., Calls 33641 Puta 35879	Beightin 5½ 03 1000 81% 92½ ½ 6.91 Dermerk 4½ 99 1000 105 105½ 270 Land Sect 9½ 07 £ 200 103½ 103½ ½ 0.04 103½ 103½ ½ 0.04 103½ 103½ ½ 0.04 103½ 103½ ½ 0.04 103½ 103½ ½ 0.04 103½ 103½ ½ 0.04 103½ 103½ ½ 0.04 103½ 103½ ½ 0.04 103½ 103½ 103½ 103½ 103½ 103½ 103½ 103½
M NOTIONAL FRENCH BOND FUTURES (MATIF) FFISO(,000 Open Sett price Change High Low Est. vol. Open int.	ECU BOND FUTURES (MATIF) ECU100,000	Committe 61, 05
Jun 123.22 123.38 +0.12 123.52 123.18 117.673 149.188 Sep 121.78 121.92 +0.12 122.00 121.76 2,217 7,329	Open Sett price Change High Low Est. vol. Open Int. Jun 91.94 91.90 -0.02 92.04 91.86 1.297 7.150	Comman 82 97 2000 1004; 1074; 14, 5.87 106strd 72 00 100 1142; 115 1 ₆ 3.87 Todayo Bac Power 11 01 £ 1276; 8.04 Channa 82 97 500 98 982; 7.83 Infor Anne Dav 41, 03 500 1044; 105 3.89 Tolay Bac Power 11 01 £ 150 112 11276; 8.04 Channa 82 94 500 1034; 1044; 14, 8.04 111 1112; 4.33 Whole Bach 12/2 97 NGS 200 1034; 1044; 1 ₆ 8.04 111 1112; 4.33 Whole Bach 12/2 97 NGS 200 1034; 1044; 1 ₆ 8.04 111 1112; 4.33 Whole Bach 12/2 97 NGS 200 1034; 1044; 1 ₆ 8.04 111 1112; 4.33 Whole Bach 12/2 97 NGS 200 1034; 1044; 1 ₆ 8.04 111 1112; 4.33 Whole Bach 12/2 97 NGS 200 1034; 1044; 1 ₆ 8.04 111 1112; 4.33 Whole Bach 12/2 97 NGS 200 1034; 1044; 1 ₆ 8.04 111 1112; 4.33 Whole Bach 12/2 97 NGS
Dec 120.40 120.60 +0.18 120.64 120.40 3.343 4.101	Jun 91.94 91.90 -0.02 92.04 91.86 1,297 7,150	CREAK POTTIONS 192 29 300 101-1; 1019-1; 1840 CREASEC Hydro 5 08 100 102 102-2; 4.77 Credit Local 6 07 Ffr 7000 101 101-1; 5.78; Denomark 5-1; 89 1000 99-2; 89-1; 603 SNCF 7 04 450 117-2; 118-2; -1; 4.46 Denomark 5-1; 99 Ffr 7000 101-1; 101-1; 5.00
Strike —— CALLS ———— PUTS ———	us	ESS April Releasy 67:04 500 97:1 97:1 7.02 Sweeten 44:08 500 104:4 104:4 4.08 Elec de Frence 84:22 FFr 2000 176:2 1187; 1:3 7.31-
Price May Jun Sep May Jun Sep 120 0.09 -	IL US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100% Open Latest Change High Low Est vol. Open Int.	Bec de France 9 96 200 104 105 6.34 herent Rid Cre- C-
121 0.13 - 122 1.41 1.59 - 0.01 0.30 - 123 0.40 0.98 - 0.04 0.58 -	Jun 110-09 110-12 +0-04 110-14 110-02 206,971 343,237 Sep 109-20 109-28 +0-03 109-29 109-17 1,023 28,085	E-port One 79/2 88
124 0.02 0.43 - 0.64	Dec 109-12 109-08 +0-03 109-12 109-08 67 5,344	Food Normal Section 74, 99
CE 101. Mail Caro Civino Francisci I. Francis day a sport da. Sens lactor Francisco.	Japan	Finland 64; 97
Germany III NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 1000m of 100%	MOTIONAL LONG TERM JAPANESE GOVY, BOND FUTURES (LIFFE) Y100m 100ths of 100%	N Frances 54 88 550 97/2 97/3
Open Sett price Change High Low Est, vol Open Int. Jun 97.07 97.08 -0.01 97.32 97.02 136865 190852	Open Class Change High Low Est vol Open Int. Jun 118.28 118.32 118.15 2917 0	http://www.marc.com/19,05500 108% 108% -1, 7.00 SNCF-6% 0030000 116% 116% 229 Fed Net Mint -1,00 99.58 99.57 5.0877
Sep 96.24 96.18 -0.01 96.36 96.17 1285 6988	Sep 117.17 117.18 117.10 287 0 * UFFE intures also traded on APT. All Open Interset Sign. are for previous day.	bay 6 03 2000 94/2 94/3 4 7.08 Seepan 45/38 150000 1055 1255 140 Finland 0 97 1000 10008 10018 54807
UK GILTS PRICES		Japan Dev Ek 6 101 500 1005 107 107 107 1003 55000 10023 10033 55000 1004 1004 1004 1004 1004 1004 100
		Measurement Batter 74, 62
	Ted	Portugui Sk. 03
Shorter (Cheet up to Five Years) Treat 15/spc 1986(#	8.00 125 2 131 1 122 1 144 145 145 145 145 156 1.33 2.75 1123 1 158 159 159 159 159 159 159 159 159 159 159	Outline Prov 9 88 200 100% 100% 6.40 Bell Caracta 10% 99 C3 150 100% 7.11 None Scotia 3.89 500 99.05 100.04 5.4983 848 10 99 200 100% 100% 100% 6.70 British Columbia 74 cg Cs 150 100% 100% 100% 100% 100% 100% 100%
Each 13-ip: 1996# 13-19 5.28 10018 1995 10018 Treas 7-pc 2006# 7.79 10018 20: 1996 0004# 7.79 10018 20: 1996 0004# 7.79 10018 20: 1996 0004# 7.88 10		SNCF 99 98 180 1089; 10679 827 Camada May 8 Harp 84 99 CS 1000 1049; 1049; 43 8.85 Perrie 0 98 500 98.76 98.85 5.8250 Spain 89; 98 180 1009; 10079 10079 828 58 1019 98 CS 130 1084; 10079 44 819 Shade 84 Vectoria 0.05 99 125 98.05 300 30 5.8250
Tress (3-ge 1997# 12.80 6.11 1054 1097) 1054 Tress (14-pc 1997 10.15 6.08 1031) 1055 1031 Tress (14-pc 1997 10.15 6.08 1031) 1055 1031 Tress (14-pc 1997 10.15 6.08 1031)	808 9851 - 1045 9851 20 105 20 10 105 3 105 105 105 105 105 105 105 105 105 105	Selected by 10 100 100 100 100 100 100 100 100 100
Train Cor 7pc 1907## 8.95 8.39 1607, 1019 993, Train 8/95 2007## 8.25 Train 9/4/5 1907## 8.90 663 1878 1045, 1013, Train 8/95 2004-6 1024 Each 15ch 1997	7.99 1316 -1 1381 1381 2200 13	Tokyo Bac Power 84 00 1000 954 97 42 6.93 Ontario 8 03 CS 1500 10054 170 4 7.01
Each 94-pc 1998	8.15 987 - 15 1042 954 256 245 - 81.6 1.0 1.7 1424 - 1445 1256 125 125 125 125 125 125 125 125 125 125	United Kingstom 74 02 3000 1024 103 -le 6.69 Catter Konkollante 104, 99 CS 150 1005 _ 110 -le 6.69 Catter Konkollante 104, 99 CS 150 1005 _ 150 -le 6.69 Catter Konkollante 104, 99 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 1005 _ 150 -le 6.69 Catter 104, 90 CS 150 -le 6.69 Catter 104, 90 CS 150 -le 6
Tream \$1-jec 1985-88\$\$; 8.76 8.80 999[csi +1 ₂ 190]; 961 ₄ Tream \$51_pec 198\$\$; 13.05 8.63 118 3 +3 724 s 118 s	Prospective real redemption rate on projected inflation of (1) 10% and (2) 5% (b) Figures in parentheses show FFP base for	Whole Bank 6% 15 1500 974 974 8.91 Outbox Prov 1012 98 CS 200 1085 100 14 6.74 Gold Keltonode 71 00 458 5.4 10034 10113 144.36
Each 1290 1998	indexing (e.e. months prior to lesse) and have been adjusted to naflect rebasing of 8P1 to 100 in February 1987. Conversion	Cool Fonder 51 04 Squ 1000 991, 100 +2 8.00 Herean 91 00 710 4.57 1105, 1115, 1115, 1115
Each 12 up 1980	factor 3.545. RPI for August 1995: 149.9 and for March 1996: 8.21 10692 -2 1125; 1093 151.5.	Acestra 6-2 24
Communico 10 Lore 1989 9.40 7.30 109 1 112 108 108 Tues State 3008-122 7.08	823 1084 1 1134 1044 789 773 4 124 7 7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Canal Forciar 74, 03 2000 97% 9892 7.65 Ferto del Siac 101 64 66 Est 500 108 10892 5.00 Larro 5965 954, 02 2 84 6.72 804, 101 12 - 0.01
Trusts 1 200 2000 10.05 7.46 1194 - 12 1244 1184 7 - 22 1	221 97) 1 1033 843 Other Fixed Interest 225 954 1 1033 924 823 973 1 1042 954	Depte Regions 65 03 5500 1007s 1007s 1007s 4s 622 Under Norgotom 64 01 Sea 2750 1125s 1123s 602 Manual ban Sha 64 07 200 23326 812 834 8624
Trees 140c 1998-1 12.33 8.86 113-6 117-6 1193-6 1193-6 117-6 1193-6 117-6 1193-6 117-6 1193-6 117-	8.27 10413 - 18 1119 102,5 tenses let Red Price E + or - High Low	200 1009 1059 45 505 COWN BY ANDERS 134 59 AS 100 1140 1160 42 8.73 COMM R ANDERS 1314 1320 465
	823 975 -1 997 958 Actan Own 104 pr. 2009 8.98 8.43 1144 120 11178 173 173 173 173 173 173 173 173 173 173	Philand 7/2 00 3000 109% 109½ _1 5.03 MSW Temptry 200 02 AS _ 1000 11% 12% 4% 9.10 Pentrand 4% 03 500 59.8997 100% 105% 2000 8M September 21, 00 500 59.8997 100% 105% 2000 8M September 21, 00 500 59.8997 100% 105% 2000 8M September 21, 00 500 59.8997 100% 105% 2000 8M September 21, 00 500 59.8997 100% 105% 2000 8M September 21, 00 500 59.8997 100% 105% 2000 8M September 21, 00 500 59.8997 100% 105% 2000 8M September 21, 00 500 59.8997 100% 105% 2000 8M September 21, 00 500 59.8997 100% 105% 2000 8M September 21, 00
First to Filman Years	Sec Cas 1996	US Santo-Whert 92 09
Trest 7cc 200	120 c c c c c c c c c c c c c c c c c c c	Ordino 64 01
The 10st 2017 855 787 1114 - 1175 1005) Her land Thought 827	- 47/4 -/4 50/1 46/4 (Amapon Proportion	STRANSHIT BORDS: The yield in the yield to redumption of the bid-prine; the smooth hunted is in mileons of coverage on day. FLOCATION PAYOR NOTHING Denominated in chiles unique oriented included, Couptin strong in mileons of coverage on day. FLOCATION PAYOR NOTHING Denominated in chiles unique oriented included, Couptin strong above above above determined before the (pitters—more) Sections (pitters—more) Sect
Treas 11/26/2014 957 7.89 1151 - 1191 1127 Coor 3/20 81 At 5.88 Funding 3/40 1964 4.88 677 68 - 288 709-2 1165 Treas 3/4 86 At 6.50 8.50	5912 1 524 576 Marchaetter 111-per 2007 - 8.82 8.83 1194 - 1244 1177 - 4.00 7.89 75 76 76 76 76 76 76 76 76 76 76 76 76 76	CORNECTIBLE SONDS: Describing to college contracts in the processor of the contract of the con

MARKETS REPORT Foreign exchange markets go off the boil Sterling continued to benefit did not merit a stronger dollar. The US deficit on goods and Applied the French Fine Carry the Using term trend. If dollar them reverses a breaks through the Y113 b (where the big fall to 1994)

ing the recent spurt in activity prompted by the cut last week in German interest rates and the centre-left victory in the

The dollar moved in a narrow 60 basis point range against the D-Mark, compared to the normal range of 100-130 basis points. It closed in London at DM1.5219, from DM1.518. against the yen it finished at Y106.785, from Y106.455.

The D-Mark was generally steadier, and this was reflected in the D-Mark/yen rate. Although this did at one point tip below Y70 to Y69.85, it later recovered to close at Y70.16, from Y70.12.

, The lira had a steadier day after its sharp gains at the start of the week. It finished unchanged at L1,023. The French franc, meanwhile, continued to steam ahead, closing DM2.3023. Against the dollar it closed at \$1.5128, from \$1.5144.

The two dominant forces in the market recently - the weakening D-Mark, and the \$/ Yen rate - remain live issues, but the D-Mark's ability to rally against the yen was an indication that these trends were temporarily in abeyance. While the dollar retains a large band of bullish followers. there is no shortage of cautionary voices. One factor cited as

supporting a firmer dollar is the US's shrinking trade defi-cit. But Mr Carl Weinberg, chief economist at High Fre-quency Economics in New 1,5140 1,5132 1,5101 1,5058

He continued: "For the cur-

rency markets, the reduction in the US trade deficit is a lessening of a negative factor, but not necessarily a positive factor...we prefer to think of the dollar's situation as being less bad rather than more good." Mr Weinberg also hinted that trouble might he ahead when

US asset markets go into reverse. "To finance a corrent account deficit, a nation must borrow the shortfall from the rest of the world. A good per-forming stock and bond market helps a deficit country stay afloat. However, heaven help the dollar if the stock and bond markets ever fizzle."

Technical analysis also provides grounds for caution. Mr shire based Elliot Wave analyst, said the five wave price

Y109 was "the clearest signal that mass market psychology ently over optimistic on the dollar against the yen. A reaction, at least in terms of profit-taking, if not trend

change downwards, is immi-

Mr Donaldson said he expected the market to "take profits to about the Y94 level by June

- a fall of 13 per cent. What it does after that will be crucial to the long term trend. If the dollar then reverses and breaks through the Y113 level (where the big fall to Y80 started in January 1994) then the long term down trend before, may finally have changed upwards."

■ While sterling's rally looks surprising against the backdrop of a weak government, it does enjoy some theoretical support. Analysis from Merrill Lynch contends that on a purchasing power parity basis, ued currency in Europe at the moment and, with the exception of the Canadian dollar, "one of the most undervalued currencies in the industrial

ERM in September 1992.

The Merrill analysis maintains that sterling and gilts benefit from the fact that the UK may well meet the Maastricht convergence criteria. "If

MONEY RATES 5.60 5.60 3.30 3.30 6.25 6.25 election and then decides to bring sterling into EMU in 1999, both sterling and gilts would benefit enormously." Some chartists are also optimistic about the outlook for sterling. Ms Patricia Elbaz, analyst at MMS in London, forecasts DM2.35 within six months. She points to the Japan week ago break of the DM2.30 pyschological level; the set of higher closes since April 18, and strong base below DM2.25; and # \$ LIBOR FT Long US Dollar CDs week ago ECU Linked Ds the fact that sterling has only recovered 13 plennigs of the 60 plennigs fall since it exited the

"A 50 per cent retracement of the large move from DM2.77 to DM2.17 is DM2.47," she

Belgian Franc Danish Krone D-Merk Duich Guilder Franch Franc Portuguese Esc. Spanish Peseta Sterling Swiss Franc Can. Dollar

14,995 11,056 6,211 **MONTH EUROMARK FUTURES (L**EFFE) DM1m coints of 100% 10381 10630 216816 235750 197384 124332 +0.01 ONTH EUROLINA FUTURES (LIFFE)* L1000m points of 100% Est. vol. Open Int. MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100% Est vol Open int. 99.18 98.91 98.51 99.18 99.17

High

95,80 95,81 95,64

THREE MONTH ECU FUTURES (LIFFE) Equim pa

95.79 95.80 95.64 95.35

POUND SPOT +0.0281 812 - 051 16.2357 16.1670 16.1869 +0.0878 808 - 600 47.4140 47.2370 47.2154 +0.0114 764 - 834 88.637 8.8750 8.8614 +0.0115 869 - 012 7.3180 7.2750 7.2897 -0.0012 727 - 781 7.8028 7.7665 7.7625 +0.0036 014 - 032 2.3090 2.3007 2.2873 +0.0013 696 - 698 0.9699 0.9678 0.9684 +4.02 345 - 590 2360.65 2362.62 2862.92 +0.0678 808 - 600 47.4140 47.2370 47.2154 +0.0057 758 - 783 2.5828 2.5755 2.5708 +0.0038 946 - 999 9.9483 9.8813 9.8833 +0.137 557 - 802 236.485 234.460 236.104 16.2357 16.1670 16.1869 23 16.092 47.4140 47.2370 47.2154 27 47.0054 8.8037 8.8750 8.884 21 8.8312 7.3180 7.2760 7.2897 0.7 7.2818 7.8028 7.7655 7.7625 2.0 7.7399 2.3000 2.3007 2.2973 2.8 2.2869 1.0 0.9671 +4,02 345 - 590 2960,06 2362,26 2962,92 +0,0676 806 - 600 47,4140 47,2370 47,2154 +0,005 758 - 783 2,5826 2,5755 2,5706 +0,0088 846 - 999 9,4483 9,8818 9,8818 +0,137 557 - 802 236,465 234,460 236,104 +0,251 271 - 422 191,895 191,263 191,657 +0,0385 955 - 146 10,2427 10,1737 10,2083 +0,0065 646 - 667 1,8711 1,8641 1,8693 -2.2 237,009 -1.9 192.152 -0.1 10.208 4.1 1.8468 1.2232 -0.0003 226 - 238 1.2219 1.5117 -0.0016 105 - 129 1.4995 -0.0014 980 - 999 2.0581 -0.0042 573 - 589 11.2477 +0.015 379 - 575 1,5022 1,4989 2,0642 2,0542 11,2575 11,2339 1.5160 1.5121 +0.0119 272 - 292 -0.0132 995 - 058 -0.0908 006 - 237 11.7273 11.5976 51.8600 51.5000 4.8012 - 967 - 056 4.8068 4.7965 4,8012 - 967 - 056 4,3068 4,7965 181,594 +0,334 490 - 589 161,990 161,110 3,7820 +0,0008 805 - 835 3,7838 3,7805 2,2210 +0,0033 194 - 225 2,2242 2,2193 39,5000 -0,0406 065 - 735 39,6773 39,4679 5,5732 -0,0056 717 - 745 5,6848 5,5708 2,1373 2,1309 6,4476 +0,0305 387 - 584 6,4565 6,4169 1178,24 -1,59 794 855 1181,03 1177,77 41,558 40,038 41,384 41,1194 160.819 5.4

Apr 24 .	1	Closing radi-point	Change on day	Elki/offer spread	Desy's Ngh	low	One mo	%PA	Three m Rate	%PA	One y Rate	%PA	J.P Mon Xabni
Borope													
Austria	(Schi	10.7074	+0.0301	049 - 086	10.7220	10.6895	10.6879	22	10.6459	2.3	10.4824	2.3	104.
Belgium	(BFr)	31,2900	+0.09	600 - 000	31,3000	\$1.1900	31,225		31,11	2.2	30.57	23	
Denmark	(DKI)	5.8695	+0.0135	·680 - 710	5.8776	5.8822	5,862	1,5		1.7	5.776	1.6	106
Anland	(FM)	4.8216	+0.0125	178 - 253	4.8331	4.8007	4.8151	1.6	4.8031	1.5	4.7576	1.3	BO.
France	(FFr)	5.1398	+0.0045	390 - 405	5.1497	5.1322	5.1338	1.4	5.1239	1.2	5.0818	1.1	108.
Germany	ÒMÓ	1.5219	+0.0038	218 - 222	1.5245	1.5193	1.5193	21	1.5138	2.2	1.4874	23	107.
Greece	EDn.	242,060	-	010 - 110	242,850	241,630	243,735	-8.3	247.085	-83	261.08	-7.B	66.
ratend .	95	1,5809		BD2 - 615		1,5800	1,5615		1,5823	-0.4	1,5538		
tely	1 2	1556.50	+4.25	600 - 700	1559.00	1554.00	1582 55	-4.7	1574.1	-4.5	1815		75.
Lucambourg	n Figure	31,2800		600 - 000	31,3000		31,227	20		20	30.64		108.
Netherlands	(FI)	1.7035		030 - 040		1.7004	1,7002		1.893	2.5	1.6613		108.
Nonvey	(NK)	6.5391		353 - 428		6.5198	6.5382		6.5308	0.5	8,4941		97.
Portugal	(Est)	155.790		740 - 840	155,140		156,105		158.695	-2.3	158.84		95.
Soain	(Pta)	126,485		460 - 510		126,380	126,735		127.165		128.705		81.
Sweden	(EK)	6.7458		408 - 508		6.7131	6.7569		6.7743		6.8163		
Switzerland	(SFr)	1.2333		328 - 337		1.2310	1,2297	3.6	1.2225	3.5	1.1905		112.
SWIZERIERIO LIK		1.5128		125 - 131		1.5121	1.512	0.6	1.5109	0.5	1.5039		83.
	€ 2)												83.
Ecu	-	1,2368	-0.001	384 - 37 1	1.2380	1.2343	1.2375	-0.7	1,2392	-0.8	1.248	-0.9	
SDRI	-	0.69116	-	-	-	-	-	-	-	-	-	-	
Americas													
Argentine	(Peso)	0.9993		987 - 999	0.9999	0.9987	•	-	•	-	-	-	
Brazz	(PS)	0.9912		911 - 913	0.9913	0.9910	-	•		-		-	
Canada	(CS)	1.3605		602 - 607	1.3621	1.3580	1.3603	0.1	1.3606	0.0	1.3634		83.
	Pesc)	· 7.4350	+0.0175	300 - 400	7.4400	7.4200	7.5965	-25.1	7.7815	-18.6	9.545	-28.4	
ISA	(S)	-	-	-	-	-	-	-	-	-	-		97.
ecific/Middle	Enst/A	frica											
Austrella	(AS)	1.2745	+0.0092	742 - 750	1.2757	1.2662	1.2765	-1,9	1.28	-1.7	1.2987	-1.9	94.
long Kong	(HICS)	7,7357	-0.0008	352 - 382	7.7367	7.7350	7.7364	-0.1	7.7382	-0.1	7,7652	-0.4	
ndia	(Rs)	34,1500	-0.025	500 - 500	34,2500		34.8	-5.3	34.605	-5.3	36.075	-5.6	
sraei	(Shk)	3.1737		714 - 760		3.1705							
Jacoan	Š	106.785		770 - 800	107.000		108.34	5.0	105.44	5.0	101.7	4.8	137.
Malaysia Malaysia	evisi)	2.5000		995 - 005		2.4965	2.5009	-04	2.507	-1.1	2.5305		
New Zestand	(NZS)	1.4680		674 - 688		1.4672	1.4711	-2.5	1,4769	-24	1.5015		
	(PESO)	26.1700		200 - 200	25,2200		1.44 [1	-20	177100	-24		-2.3	
				499 - 503		37498	3,7506	-0.1	3.7513	-0.1	3.7546	-0.1	
Spuri Arabia	(SR)	3.7501									3.7546		
Singrepore	(53)	1.4098		093 - 103		1,4085	1.4062	3.0	1.4002	2.7		2.5	
South Africa	(F3)	4.2620		570 - 5 70		4.2350	4.2907	-8.1	4.34 <u>22</u>	-7.5	4.5655	-7.1	
South Koree	(Won)	778.850		800 - 900	779.200				-			-	
alwan	(15)	27.2050		900 - 200	27.2220		27,225	-0.9	27.265	-0.9		-	
haltend	(23t)	25,2850		750 - 950	25.2950		25.3837	-4.7	25.5875	-4.8	26.47		
SOR rate per \$ periet but are im	for Apr 2	3. Bid/offer	cornects in t	the Color Spo	d table show	only the	lest three d	والمساوية	olaces. For	कर्म होत	e are not o	Brock (or below

EXCHAN Apr		ROSS BFr	RATES	FFr	DM	Æ	L.	Я	NKr	Ee	Pta	SKr	SFr	· £ ·	CS.	· 5	Y	Ecu
						2.048	4977	5,446	20.90	498.1	404.3	21.58	3.943	2.113	4.349	3,197	341.3	2.586
elgium	(BFr)		18.76	16.43 8.757	4.885	1.091	2652	2,902	11.14	265.5	215.5	11.50	2.102	1.126	2.318	1.704	181.9	1.377
ecimark	(DKr)	55.29 60.86	10	10	2.593 2.961	1.246	3029	3.314	12.72	303.2	248.0	13.13	2.400	1.286	2.847	1.946	207.7	1.57
rance	(FFr)		11.42 3.857	3.377	1	0.421	1023	1.119	4.297	1024	83.10	4.435	0.811	0.434	0.894	0.857	70.16	0.53
ermany	(DM)		9.163	8.024	2.978	7.421	2430	2.658	10.21	243.2	197.4	10.54	1.826	1.032	2.124	1,581	166.7	1.28
bnele	(12)	2,000	0.377	0.330	0.008	0.041	100.	0.109	0.420	10.01	8.123	0.434	0.079	0.042	0.087	0.064	6.858	0.05
aly	(L) (F)		3.445	3.017	0.863	0.378	918.9	1	3.830	91.46	74.23	3.982	0.724	0.388	0.799	0.587	62.57	0.47
etherlands			8.978		2.327	0.980	2381	2.605	10	238.3	193.4	10.32	1.886	1.011	2.080	1.530	163.3	1,230
orway	(NK)	20.08	3.787	3.299	0.977	0.411	PA9.2	1.093	4.197	100.	81.16	4.332	0.792	0.424	0.873	0.642	88.52	0.518
ortugat	(Es) (Pta)	24.74	4.641	4.064	1.203	0.507	1231	1.347	5.171	123.2	100	5.337	0.975	0.523	1.076	0.791	84.42	0.639
pein weden	(SKr)	48.35	B.696		2.255	0.949	2307	2 524	9.689	230.9	187.4	1D	1.828	0.979	2.016	1,482	158.2	1,19
witzerland	(SFr)	25.36	4.758	4.167	1.234	0.519	1262	1,381	5.301	128.3	102.5	5,472	1	0.536	1,103	0.811	86.55	0.656
K	(0)	47.32	8.879		2.302	0.989	2355	2.577	9.892	235.7	191.3	10.21	1.886	1	2.058	1.513	161.5	1.22
enada -	(CS)		4.314	3.778	1.119	0.471	1144	1.252	4.807	114.5	92.95	4.961	0.907	0.488	1	0.735	78.47	0,584
S	(3)	31.28	5.868	5.139	1.521	0.640	1557	1.703	6.538	155.6	126.4	6.748	1.233	0.661	1.360	1	106.7	0.80
	(3)	29.30	5.498	4.B14	1.425	0,600	1458	1.598	6.125	145.9	118.5	8.322	1.155	0.619	1.274	0.937	100.	0.75
00 00	1.7	38.69	7.260	6.357	1.882	0.792	1926	2,107	8.088	192.7	158.4	8.348	1.526	0.618	1.683	1.237	132.1	1
unigh Kironer,	Franch Fran		jen Kroner,	and Swedi	th Kronor	per 10;	Belgian Pa	enc, Yan, Es	cudo, Lita	and Pessi	a per 100.							
D-MARK	RITURES	MANN D	M 125,000	per DM					2 4	PANES	Î YEK P	UTURES	(MMM) Yen	12.5 per	Yen 100			
	Open	Latest	Change			ONL I	Est. voi	Open Int.			Open	Latest	Change	HEgh	L	w B	st. vol	Open in
	0.6592	D.6598	+0.0002	-	0.6	SR5	24.159	61,891	Jun		1.9445	0.9440	-0.0006	0.947	2 0.9	413 1	4,125	57,360
	0.6630	0.6634	-0.0001	0.8634			107	3.338	Sep	Ò	1.9545	0.9537	-0.0021	0.954	9 0.9	531	168	1,991
ec eb		0.6676	-0,000,	-		-	4	388	Dec		-	0.9869	-	-	-	-	11	1,184
 #1018\$ FT		ener i	MAN SFr 12	25.000 pa	SFr				H 51	1514 BIG	FUTUR	es (MM)	262,500 pe	3 w			•	
		0.8158	+0.0001			140	12,268	41,157	Jun		.5138	1.5130	-0.0034	1.514	4 1.5	116 1	0,616	58,732
	0.8155 0.8218	0.8156	-0.0007				16	1,520	Sec		5118	1.5118	-0.0032	1.512			5	147
9 p 8 C	- 0.02	0.8306	-0.0001	_	-	-	3	670	Dec		-	1.5100	-0.0034	-	1.5	100	6	34
		DAT	Ee						EM		OPE/		RRENC			ITES .		d Div
THE PART	i																	
UK INT	EREST	1	-70	-					Apr 2	•	Ecu ce			Change on day	% +/·		4 spree	
UKERTI ONDON									Apr 2	*	182.49	agair		on day +0.041	cen.	nesse v	westes 3.86	

Apr 24		Over- night	7 days notice	Cine month	Three months	Sbx months	One yeer
Interbank Ste	rishig.	6 - 4	8 - 5년	6% - 5%	8歳 - 5牒	6 ¹ e - 6	67 - 87
Sterling CDs	•	-	•	5월 - 4월	533 - 5計	64 - 5张	6 <u>3</u> - 64
Treesury B#S		-	-	58 - 58	513 - 51	-7 -37	-
Bank, Billis				58 - 58	5% - 50	535器	a
_ecal authorit		5월 - 5월	5월 - 5월	6 - 5%	6 - 5%	64 - 51	64 - 54 -
Discount Mor	ket deps	ē - 5	5끊 - 5많	•	-	-	-
JK clearing t	enk base	lending rate	ê per cen	t from Marc	zh 8, 1996		
_			Up to 1	1-3	3-6	6-9	9-12
	_		month	month	months.	months.	months
ients of Tax	dec. (£10	0.000)	2 ¹ 2	512	5	5	43,
lvs. tender #8 der 29, 1986. : pto for period man April 1, 16	Agreed me Mar 1, 199 198	nt on Apr 19. I for pened A & to Mar 29.	, 5.79029C. E pr 26, 1996 1 1998, Schem	100 N & 4 g.	138pc. Financ	\$ 6 N. 7.36p to House Bas to of 100%	o Rate 6.5p
ive. tender ist Mer 29, 1998. i Inte for period	e of Claccu Agreed rate Mar 1, 199 198	rit on Apr 19. I for pened A 6 to Mar 29. ITTERLENIQ	, 5.79029C. E pr 26, 1996 1 1998, Schem	(LIFFE) ES	138pc. Firens 00,000 poin	to a 10.7.30p to House Base to of 100% Est, vol	Open Int.
Ave. tender ret Mer 29, 1296. Into for period rom April 1, 16	e of discour Agreed rate Mar 1, 199 98 PONTIN S Open 93.96	nt on Apr 19, for period A 6 to Mer 29, TERLING Sett price 93,96	pr 26, 1986 t 1998, Schem Plittuiges Change	(LIFFE) 25 High 93.08	133pc. Firens 00,000 poin Low 83.98	\$ 6 N 7.35p to Holes Bes 68 of 100% Est, vol 6908	Open Int. 77858
Ave. tender ret Mer 29, 1990. Into for period from April 1, 16 III. THEREIE 8	o of discour Agreed rate Mar 1, 199 196 PONTH 5 Cipon 93.95 93.85	nt on Apr 19, n for pend A 8 to Mar 29, TTERLENG Sett price 93,95 93,82	5.740275. E pr 26, 1986 t 1998. Schem FIJTURIES Change +0.01	(LIFFE) 25 High 93.98 93.85	133pc. Prent 133pc. Prent 100,000 poin Low 83.98 83.81	# 8 N 7.380 to House Bee 68 of 100% Est, vol 6908 8808	Open Int. 77858 59303
Ava. tendor rah Mer 20, 1396. Into for period from April 1, 11 III. TREPER 8	o of discour Agreed make Mar 1, 192 1936 FORTH 3 Open 93.95 93.81 93.44	nt on Apr 19, in for pend A 8 to Mar 29, ITTERLEMQ Sett price 93,95 93,82 93,45	5.70225C. 1998 1 1998, Schem PITURUES Change +0.01 +0.02	(LIFFE) 25 High 93.98 93.48	133pc. Pirent 00,000 poin Low 83.96 93.81 93.43	# 8 IL 7.300 to House Bas ds of 100% Est, vol 8908 8808 12997	Open Int. 77858 59303 66729
Ava. tonder rab May 20, 1996. I No for period rom April 1, 16 M. TREPER 8 Jun Sop Onc.	o of discounts of the control of the	or on Apr 19, in for period A & to Mar 29, in TERL INIO. Sett priod 93,86 93,85 93,45 93,02	5.76225-1996 1 1998, 3chem PITURES Change +0.01 +0.02 +0.04	(LIFFE) 25 High 93.98 93.95 93.48 93.04	00,000 poin Low 83.96 93.81 93.43 92.96	Est. vol 8908 12997 7228	Open Int. 77858 59303 68728 43127
Ava. tender signatur 25, 1996. i Mar 26, 1996. i	o of discount Agreed 750 Mar 1, 199 786 FORTH 3 Cport 93.85 93.81 93.44 92.98 92.62	nt on Apr 19, i for period A is to Mar 29. ITERLINICE Sett price 93.95 93.95 93.45 93.02 92.68	5.78029C. ± 1998. 1998. 1 1998. Schem PITURIES Change +0.01 +0.02 +0.04 +0.03	LIFFE) ES High 93.98 93.95 93.46 93.04 92.69	133pc. Pirent 133pc. Pirent 100,000 poin 1.cw 13.98 13.81 153.43 92.98 92.62	# 8 IL 7.300 to House Bas ds of 100% Est, vol 8908 8808 12997	Open Int. 77858 59303 66729
Ava. tonder #8 May 29, 1996. i ste for period from April 1, 16 E. TREPER 5 Jun Sop Dac Aun	o of discount Agreed 750 Mar 1, 199 786 FORTH 3 Cport 93.85 93.81 93.44 92.98 92.62	nt on Apr 19, i for period A is to Mar 29. ITERLINICE Sett price 93.95 93.95 93.45 93.02 92.68	5.78029C. ± 1998. 1998. 1 1998. Schem PITURIES Change +0.01 +0.02 +0.04 +0.03	LIFFE) ES High 93.98 93.95 93.46 93.04 92.69	133pc. Pirent 133pc. Pirent 100,000 poin 1.cw 13.98 13.81 153.43 92.98 92.62	Est. vol 8908 12997 7228	Open Int. 77858 59303 68728 43127
Ave. tonder #8 Mer 29, 1996. sete for period from April 1, 16 E. TREPER 5 Jun Sop Dec Mor	od discount of the control of the co	rd on Apri 19, for period A file to Mar 29, Sett price 93,95 93,82 93,45 93,02 92,68 Open interest	5.78029C. # 97 28, 1965 1 1998, Schem FIJTURIES Change +0.01 +0.02 +0.04 +0.03 1 tgs. are for	# N & V & V & V & V & V & V & V & V & V &	133pc. Prent 20,000 poin Low 93,96 93,81 93,43 92,96 92,62 ky.	8 6 N 7:30p be Hotage Base to of 100% Est, vol 8006 8906 12997 7226 3452	Open Int. 77858 59303 68728 43127
Ave. broder sall Mer 29, 1398. sale for period from April 1, 11 B. TESPER 8 Jun Sop Dec Mar Aun Alen traded or	od discount of the control of the co	rt on April 19 6 to April 29, 1798/LING Sett price 93.85 93.82 93.45 93.45 93.02 93.45 93.02 93.45 93.02	5.78029C. II 99 28, 1986 I 1990, Schem FITURIES Change +0.01 +0.02 +0.03 I fige. are for ILIFFE S	# N & V & V & V & V & V & V & V & V & V &	133pc. Firent 100,000 point Low 83,96 83,81 83,43 92,65 92,62 by.	8 6 R 7:30p to Holique Base to of 100% Est. vol 8006 12997 7:226 3482	Open Int. 77858 58303 68729 43127 36693
Ave. tendor rails ble for period rem April 1, 115 E. THERRE B Juri Sop Dac Mor Aun Res tended or E SHORT S Strike	od discount of the control of the co	rt on April 19 6 to April 29, 1795/LIBAG Sett price 93,85 93,85 93,45 93,45 93,45 93,02 93,45 93,02 93,45 93,02 93,45	5.78029C. II 99 28, 1986 I 1990, Schem FITURIES Change +0.01 +0.02 +0.03 I fige. are for ILIFFE S	# N & V & V & V & V & V & V & V & V & V &	133pc. Prent 20,000 poin Low 93,96 93,81 93,43 92,96 92,62 ky.	Est, vol 8908 8906 12997 7226 3452	Open Int. 77858 58303 68728 43127 36893
Ave. broder sale Mer 29, 1396. see for period room Agril 1, 117 E THERREE 8 Juri Sop Dec Dec Aun Also tracked on E SHOOKT S Strike Price	e of chacou Mar 1, 192 Mar 1, 192	ret on Apri 19. i for persod A is to Mar 29. Sett prace 93.95 93.82 93.45 93.45 93.62 92.68 Open internet 2 OPTIONS	5.78059C. 1988 ti 1998. Schem PUTURIES Change +0.01 +0.02 +0.03 13ga. are to:	### N & Y & #### N & Y & ##### N & Y & ###### N & Y & ################################	100,000 point Low 83,96 93,81 93,43 92,98 92,62 by.	# 6 R 7.35b be Hotse See to of 100% Est. vol 8008 8908 12997 7226 3482 N	Open Int. 77856 58303 58729 43127 36893
Ave. broder sall hele 29, 1996, a see for period rorm April 1, 1996, a lun Sopp Jun Aun Aun texted on the serioset S Strike Price SC75	e of discounded of the control of th	ret on Apri 19. i for period A 6 to Afri 23. Sett price 93.95 93.95 93.82 93.85 93.82 92.66 Open internation CAL	5.760292. E pr 28, 1998. Schem PETTURUES Change +0.01 +0.02 +0.03 -10.03	## N & V & C. (LIFFE) ES High 93.95 93.48 93.04 92.69 previous di 500,000 po c. 20 12	133pc. Freens 100,000 point Low 83,96 93,81 93,83 92,96 92,62 by. Jun 0.03 0.11	Est. vol 6008 8508 12997 7228 3452 Mi	Open Int. 77858 52303 68726 43127 36893 Dec 0.50 0.67
Ave. tendor rate Meter 29, 1296. Note for period from April 1, 11 III. THEREIE B July July Dec Mor Aur Aur Aur Aur Aur Aur Aur Aur Aur Au	e of discoundable of this or the second of t	rt on Apr 19, a for pend 4 for pend 4 for pend 4 for pend 4 for pend 5 for pe	5. 760292 in pr 28, 1986 in pr 28, 1	(LIFFE) 25 High 93.98 93.95 93.04 92.69 previous di 500.000 po 20 20 20	135c. Franti 00,000 poin Low 83,96 93,81 93,43 92,62 by. Jun 0,03 0,11 0,03	Est, vol 6008 8500 12997 7228 3452 M	Open Int. 77858 58303 68728 43127 36893 Dec 0.67 0.87

		CALLS			PUTS -	
Strike Price	,tm	Sec	Dec	Jun	Sep	Dec
-	0.24	0.22	0.20	0.03	0.15	0.50
X375 MDC	0.07	0.00	0.12	0.11	0.27	0.67
M25	0.01	0.04	0.07	0.30	0.47	0.87
area area para	. Cass 7538 Pos	5266. Previo	OS 029/2 0000	M, Call 1	28023 Puts 116	192
						:
						_
	E	Base Li	ENDING	RATE	<u> </u>	
Adm & Co	ompeny 60	O Duncar	Lawle	6.00 	Royal Bit of Sco	% fend 8.00
ABout Trust	Bark 60	n C. 1986	Bank Limited	<i>(.W</i>) _	Singer & Friedle	
			al & Gen Bank	- 7.00	Smith & Wilmer	
Hann And	bacher 60		Flaming & Co	DAW .	TS8	
Arak of Pa	roda 6.0		k ,	_6.00	United Bank of h	COS Limmer
Dans Hills	ao Vinceya 6.0		es Mahon	6.00	Lindly Trust Bard	Plc 600
Death of Cut	prus 6.0		lank AG Zuric		Western Trust	8.00
COR U CO	end GO		s Bank	6.00	أعلجها بيوسوويالية	6.DO
Little of heat	b 60	بندهاس	e A Gen hw B	N. 8.00	Yorkshire Bank	
COM UI IIU	odend,60		uel	6.00		
Page 01.30	DUBIC,		₹& Co	600 <u> </u>		
RICE(S D	mk 6.0	Honaka	ng & Shangh	M 6.00 '	Members of La	
Ref Red M	60 test bu		lodge Bank	6.00	investment Bis	usang
Harana Samo	ey A Colid 60		Joseph & So	- 4M	Association	
CHOSIN NA	60		lork	. 600	in acharistado	П
Character	Bank 60		Bark Lad			•
The Co-cos	protive Dark 6:0		Back		•	
Cours & Co			reds Corp			
Credit Lyon	nats, 6.01	NAME OF	*************************************			
Cronz Pop	uter BarkB.O.	1 1				
-11		ALC: NO.		<i>\$.</i> 60		

			URRE	ACI D		4 I E3		
Apr 24	Ecu (Rate einst Scu	Change on day		from nese	% spree v wester	d Div
Spain.	162		158,703	+0.04			3.86	16
Netherland			2.13729	+0.0015			214	5
Belgium	39.3		39,2386	+0.010			1.85	8
Portugal	195. 18.4		195,408 13,4334	-0.2 +0.003			1.63 1.47	Ġ
Austria	1.91		1.00953	+0.0003			1.48	ŏ
Germany France	6.40		8.45002	-0.00		69	0.74	-š
Denmark	7.28		7.36420	-0.0005		06 80	0.35	-7
parang Namara	0.792		803579	-0.00043		43	0.00	-10
NON ERM !								
Greece	292		303.791	-0.39		73	-2.21	-
Italy	2108		1953.92	+4.9			9.34	-
UK	0.786	55 2 0.	829446	-0.0012	5.	44	-3.80	-
Con. Ecu control referentiage of ratio between borner or currency. Ecu control and 1778/929 Starf	are set by the series of the s	or Ecu; a p e; the pena edesum per en (Jra sus en (Jra sus	cettive cher intege diffe mitted per pended for PTTCHES 5	rge denotes rence betwe cartage devi n ERM. Adia 231,250 for	a week cur on the actu ation of the streent calk onto Der D	nancy. Div al market currency existed by cuintal	ergence of and Ecu or a reariset of the Pinens	count the potal rate de from t
			Alls				ита —	
Strike Price	Apr		Many Many	Jul	Apr		uis — Serv	
				329	0.06			0.86
1.490 1.500	2.5 1.7		288 221	3.23 2.63	6.20		.58	1.20
1,500 1,510	1./ 0.9		1.5 <u>0</u>	2.10	0.35		.05 .05	1.61
1.530 1.520	0.44		1.DB	1.81	0.83		-155 -55	2.12
1.530 1.530	0.14		1.71	1.20	1.53		.17	2.86
noso Prenious day's								
- 19 AUGUS - 19 3			-, 77, 74	-,				
THESE	BOHTH S			4) \$1m po	nts of 100)%		
	Open	Latest	Chang	se Hid		7FY S	st vol	Open In
	Open	Latest CA EE	-Chang					
	94,55	94.55	-Cheng	94.5	6 94.	54 3	34,921	380,555
Sep	•		- Chang - 0.0	94.5 94.3	6 94. 9 94.	54 3 37 5		
Jun Sep Dec B US TREJ	94,55 94,38 94,13	94.55 94.38 94.13	-0.0°	94.5 94.3 1 94.1 A) \$1m per	6 94 9 94 5 94	54 3 37 4 11 7	34,921 50,043	380,556 358,634
Sep Dec S US TREA	94,55 94,38 94,13 LEGRY BI	94.55 94.38 94.13 LL FUTT	-0.0 -0.0 (14.6)	94.5 94.3 1 94.1 6) \$1m per	6 94 9 94 5 94 100%	54 3 37 2 11 7	34,921 50,043 78,316	380,556 358,834 349,163
Sep Dec S US TREA AUT Sep	94,55 94,38 94,13 LEPLRY IN	94.55 94.38 94.13 ELL PUTTE 95.02	-0.0 -0.0 +0.0	94.5 94.3 1 94.1 6) \$1m per	6 94 9 94 5 94 100%	54 3 37 2 11 7	34,921 30,043 78,316 559	380,556 358,834 349,163 9,522
Sep Dec # US YRE/ Am Sep Dec	94.55 94.38 94.13 13689Y Bi 95.00 94.85	94.55 94.38 94.13 ELL FUTTE 95.02 94.85 94.85	-0.0 -0.0 +0.0 +0.0	94.5 94.3 1 94.1 6) \$1m per	6 94 9 94 5 94 100%	54 3 37 2 11 7	34,921 50,043 78,316 559 138	380,556 358,834 349,163 9,522 5,084
Sep Dec III US TREA AUT Sep Dec US Open Intel [®]	94,55 94,38 94,13 136977 Bi 95,00 94,85	94.55 94.38 94.13 RL PUTTI 95.02 94.85 94.66 ibr previo	-0.0* -0.0* +0.0* +0.0* on day FFE) DM/17	94.5 94.3 1 94.1 6 Sim per 1 95.0 94.8	6 94. 9 94. 5 94. 100% 2 85. 5 94.	54 3 37 2 11 7	34,921 30,043 78,316 559 138 157	380,556 358,834 349,163 9,522 5,084
Sep Dec E US TREA ARI Sep Dec US Open Intel EXPROSE Strike	94.55 94.38 94.13 190/17 Bi 95.00 94.85 out for an	94.55 94.38 94.13 RLL PUTTI 95.02 94.55 94.56 lor previo	-0.0** +0.0** +0.0** on day FE) DM17*	94.5 94.3 1 94.1 6 \$1m per 1 95.0 9 94.8	6 94 9 94 5 94 100% 2 85 5 94	54 37 37 11 7 11 7 11 7 11 7 11 7 11 7 11	34,921 50,043 78,316 559 138 157	380,556 358,834 349,163 9,522 5,084 733
Sep Dec BE US TREE AUT Sep Dec No Open Intel BETRIORE Strike Price	94.55 94.38 94.13 194.87 Bi 95.00 94.85 out for an	94.55 94.38 94.13 85.02 94.85 94.65 94.66 tor previo	-0.0* PRES (NA) +0.0* +0.0* TED DM:17 MLS —	94.5 94.3 1 94.1 6 \$1m per 1 85.0 94.8 	8 94 9 94 5 94 100% 2 85 5 94 100%	54 37 11 7 11 7 10 00 85 .	34,921 30,043 78,316 559 138 157	380,596 358,634 349,163 9,522 5,084 783
Sep Dec US TREA AUS TREA Sep Dec US Open Inter M SEUTICABLE Strike Price 1675	94,55 94,38 94,13 156,07 95,00 94,85 out figurant Unix OPT:	94.55 94.38 94.13 84.17 95.02 94.85 94.85 94.86 1 for provide 10483 (LF	-0.0° PRES (NA) +0.0° +0.0° +0.0° FE) DM17 FE) DM17 ULS Jul	94.5 94.3 1 94.1 6) \$1m per 1 95.0 9 94.6 n points of \$ep 0.20	8 94 9 94 5 94 100% 2 85 5 94 100%	54 37 8 111 7 11 7 11	34,921 30,043 78,316 559 138 157	380,596 358,694 349,162 9,522 5,084 793 Sep 0.11
Sep Duc E US TREE Sep Dec V Open Intel Strice Price 1700	94.55 94.38 94.13 95.00 94.85 	94.55 94.38 94.13 94.13 95.02 94.85 94.85 94.85 16° pravio 10018 £LF	-0.0" -0.0" -0.0" -0.0" -0.0 day -0.17 -0.05	94.5 84.3 1 94.1 8 51m per 1 85.0 9 94.8 9 points of Sep 0.20 0.08	8 94 9 94 5 94 100% 2 85 5 94 100% May 0.02 0.17	54 37 8 111 7 11 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 11 7 11 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 11 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 11 7 11 7 11 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 111 7 11 7 11 7 111 7 1	34,921 50,043 78,316 559 138 157 778 	380,536 358,634 349,163 9,522 5,084 793 Sep 0.11 0.24
Sep Dac E US TREE Aut Sep Dec W Open Inter E Strike Pice 1676 1700 1725	94.55 94.38 94.13 1500Y Bi 95.00 94.85 94.85 May 0.11 0.01	94.55 94.38 94.13 84.13 95.02 94.85 94.85 94.86 10r previo 10.12 0.02	-0.0° -0.0° -0.0° -0.0° -0.0° -0.0° -0.0° -0.0° -0.0° -0.0° -0.0° -0.0° -0.0° -0.0°	94.5 94.3 1 94.1 6 Sim per 1 94.6 1 94.6 0.20 0.08 0.03	8 94 9 94 5 94 100% 2 85 5 64 100% May 0.02 0.17 0.41	54 37 2 37 11 7 11 7 11 7 11 7 11 7 11 7 1	34,921 30,043 78,316 599 138 157 0.08 0.21 0.42	380,596 358,694 349,162 9,522 5,084 793 Sep 0.11
Sep Dac TREAT ALT Sep Dac At Open Inter-At O	94.55 94.38 94.13 1550RY BI 95.00 94.85 out figs. are Unix 0977 0.11 0.01 0	94.55 94.38 94.13 85.02 94.85 94.85 94.86 94.86 10 pass (LF C/ Jun 0.12 0.02 0.02 0.02 0.02 0.02 0.02 0.02	-0.07 +0.05 (NA) +0.07 +0.07 +0.07 +0.07 +0.07 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05	94.5 84.3 1 94.1 A) \$1m peoms of 85.0 2 94.8 	6 94 9 94 5 94 100% 2 85 5 94 100% May 0.02 0.17 0.41 pt, Get 1	54 37 5 11 7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	54,921 50,043 78,316 559 138 157 7TS — Jul 0.08 0.21 0.42 as 345877	380,536 358,634 349,163 9,522 5,084 793 Sep 0.11 0.24
Sep Dec US TREA AUT Sep Dec No Coom Inter- M SEUTIONAL SURVEY STORY 1725 1770 1725 1770 1725 1740 1725 1740 1725 1740 1725 1740 1725 1740 1741 1741 1741 1741 1741 1741 1741	94.55 94.38 94.38 94.37 Bi 95.00 94.85 ed figs. are UNK OPTI May 0.11 0.01 0 Cabe 2809	94.55 94.38 94.13 85.02 94.85 94.86	-0.0° +0.0° +0.0° +0.0° +0.0° -0.0°	94.5 94.3 1 94.1 6 Sim per 1 85.0 1 94.8 0 94.8 0.20 0.08 0.03 0.03 0.03 0.03 0.03 0.03	6 94. 9 64. 5 94. 100% 2 85. 5 64. 100% May 0.02 0.17 0.41 rd., Cris. 3 points o	54 37 4 11 7 11 7 11 7 11 7 11 7 11 7 11	34,921 30,043 78,316 599 138 157 775 0.08 0.21 15,35677	380,556 358,634 349,163 9,522 5,034 793 Sep 0.11 0.24 0.44
Sep Dec Sep	94.55 94.38 94.13 1550RY BI 95.00 94.85 out figs. are Unix 0977 0.11 0.01 0	94.55 94.38 94.13 85.02 94.85 94.86	-0.07 +0.05 (NA) +0.07 +0.07 +0.07 +0.07 +0.07 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05	94.5 84.3 1 94.1 A) \$1m peoms of 85.0 2 94.8 	6 94 9 94 5 94 100% 2 85 5 94 100% May 0.02 0.17 0.41 pt, Get 1	54 37 4 11 7 11 7 11 7 11 7 11 7 11 7 11	54,921 50,043 78,316 559 138 157 7TS — Jul 0.08 0.21 0.42 as 345877	380,536 358,634 349,163 9,522 5,084 793 Sep 0.11 0.24
Sep Dec Sep	94.55 94.38 94.13 95.00 94.85 ent figs. are Unix OPTI 0.01 0 Cate 2809 Jun	94.55 94.38 94.13 85.02 94.85 94.85 94.85 1 for provio 10185 (LF 0.02 0.12 0.02 0 Puts 2850 NC 0977	-0.0° +0.0° +0.0° +0.0° +0.0° -0.0°	94.5 94.3 1 94.1 6 Sim per 1 85.0 1 94.8 0 94.8 0.20 0.08 0.03 0.03 0.03 0.03 0.03 0.03	6 94. 9 64. 5 94. 100% 2 85. 5 64. 100% May 0.02 0.17 0.41 rd., Cris. 3 points o	54 37 4 11 7 11 7 11 7 11 7 11 7 11 7 11	54,921 50,043 78,316 599 138 157 778 	380,556 358,634 349,163 9,522 5,034 793 Sep 0.11 0.24 0.44
Sep Duc B US YREA Aus Sep Duc No Coon Internal M EURORA Strike 1770 1775 Ser, set total E EURO St Strike	94.55 94.38 94.38 94.38 95.00 94.85 95.00 94.85	94.55 94.38 94.13 84.13 94.85 94.86 94.86 94.86 1 br psw/o 1088 (LF 0.02 0.12 0.02 0.12 0.02 0.02 0.02 0.02	-0.00 +0.00 +0.00 +0.00 to day FEE DM 17 0.05 0.01 ONES OF	94.5 94.3 1 94.1 1 95.0 1 94.8 1 94.8 0.03 0.03 0.03 0.03 0.03 0.03 0.03	6 94. 9 64. 5 94. 100% 2 85. 5 94. 100% May 0.02 0.17 0.41 rs., Cols. 3 9 points 0	54 37 4 11 7 100 100 100 100 100 100 100 100 10	559 138 157 178 178 157 178 0.09 0.21 0.42 23 35877	380,536 358,834 349,163 9,522 5,084 793 Sep 0.11 0.24 0.44
Sep Dac Street Aus Sep Dac Sep	94.55 94.38 94.38 94.38 95.00 95.00 94.85 96.00 94.85 90.11 90.11 90.01 90.01 90.01 90.01 90.01 90.01	94.55 94.38 94.13 84.13 94.85 94.86 94.86 94.86 10 paylo 10 ns 2850 10 paylo 10 pass 2850 10 pas	-0.0° PESS (NA) +0.0° +0.0° OR day FE) DM/17 PO 0.05 0.017 0.05 0.05 0.018 Pressure 10 10 10 10 10 10 10 10 10 10 10 10 10	94.5 94.3 1 94.1 1 85.0 1 94.8 1 94.8	6 94. 5 94. 100% 2 85. 5 94. 100% May 0.02 0.17 0.41 rd., Cris. 3 points o	54 37 4 37 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	559 138 157 178 178 157 178 0.09 0.21 0.42 23 35877	380,536 358,834 349,162 9,522 5,084 733 Sep 0.11 0.24 0.44
Sep Dac Sep	94.55 94.38 94.38 94.39 95.00 94.85 94.85 94.85 94.85 94.85 97.00 0.01 0.05 0.03 0.05 0.03	94.55 94.38 94.13 84.13 84.13 94.86 94.86 94.86 94.86 10 pawks (LF LF LF LF LF LF LF LF LF LF	-0.0° PERS (NAS) +0.0° -0.0° ALLS Jul 9.17 9.05 0.01 Provided (NAS) 4.15 4.15 4.15 4.15 4.15 4.15 4.15 4.15	94.5 94.3 1 94.1 1 85.0 2 94.8 2 94.8 2 94.8 2 94.8 3 94.8 3 94.8 3 94.8 3 94.8 3 94.8 3 94.8 4 94.8 5 94.8 94.8 94.8 94.8 94.8 94.8 94.8 94.8	6 94. 5 94. 100% 2 85. 5 64. 100% May 0.02 0.17 0.41 rd., Cells 1 1 points 0	54 37 4 37 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	559 138 157 178 178 157 178 0.09 0.21 0.42 23 35877	380,536 358,834 349,162 9,522 5,084 733 Sep 0.11 0.24 0.44
Sep Dec III III III III III III III III III I	94.55 94.38 94.38 94.39 95.00 94.85 94.85 94.85 94.85 94.85 97.00 0.01 0.05 0.03 0.05 0.03	94.55 94.38 94.13 84.13 84.13 94.83 94.85 94.85 94.86 10 pawks (LF) 0.12 0.02 0 0.12 0.02 0 0.02 0.03 0.03 0.03 0.03 0.03 0	-0.0° -0.0° -0.0° -0.0° -0.0° -0.0° -0.0° -0.17 -0.05 -0.01 -0.05 -0.01 -0.05	94.5 94.3 1 94.1 1 85.0 2 94.8 2 94.8 2 94.8 2 94.8 3 94.8 3 94.8 3 94.8 3 94.8 3 94.8 3 94.8 4 94.8 5 94.8 94.8 94.8 94.8 94.8 94.8 94.8 94.8	6 94. 5 94. 100% 2 85. 5 64. 100% May 0.02 0.17 0.41 rd., Cells 1 1 points 0	54 37 4 111 7 11 7 111 7	34,921 30,043 78,316 559 139 157 7TS Jul 0.09 0.21 0.42 25,345877 TTS	380,536 358,834 349,162 9,522 5,084 733 Sep 0.11 0.24 0.44
Sep Dec US TREE ALT Sep Dec Alt Coon Inter- M SEUROSE Price	94.55 94.38 94.38 94.38 95.00 95.00 94.85 96.00 94.85 90.11 90.01 90.01 90.01 90.01 90.01 90.01 90.01 90.01 90.01 90.01 90.01	94.55 94.38 94.13 84.13 85.02 94.65 94.65 94.65 94.65 0.12 0.02 0.12 0.02 0.02 0.02 0.03 0.05 0.05 0.05 0.05 0.05 0.05 0.05	-0.0° -0.0°	94.5 94.1 94.1 1 94.8 1 95.0 1	6 94. 9 94. 100% 2 85. 5 94. 100% May 0.02 0.17 0.41 0.4	54 37 4 11 7 11 7 11 7 11 7 11 7 11 7 11	78,316 78,316 78,316 78,316 78,316 775 775 775 775 775 775 775 775 775 77	380,536 358,634 349,163 9,522 5,084 793 0,11 0,24 0,44 Dec 0,49 0,67
Sep Dec Will TREE LAIN Sep Dec No Committee Price Pric	94.55 94.38 94.38 94.00 94.85 95.00 94.85	94.55 94.38 94.13 84.13 85.02 94.85 94.65 94.65 94.65 10 previous (LF) 0.02 0 0.12 0.02 0 0.02 0 0.02 0 0.02 0 0.03 0 0.05 0 0.05 0 0.05 0 0 0 0 0 0 0 0 0	-0.0° -0.0°	94.5 94.1 94.1 1 94.8 1 95.0 1 95.0 1 95.0 1 95.0 20 0.0 Sep 0.20 0.0 0.0 3 0.0 1 95.0	6 94. 9 54. 100% 2 85. 5 94. 100% May 0.02 0.17 0.41 rt., Cots 1 3 points 0 Jun 0.36 is \$245 Pt.	54 337 4 111 7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	34,921 30,043 78,316 559 138 157 77S ——————————————————————————————————	380,536 358,634 349,163 9,522 5,084 793 0,11 0,24 0,49 0,67
Sep Dec Bus TREAMS TREA	94.55 94.38 94.38 94.38 94.35 95.00 94.85	94.55 94.38 94.13 84.13 84.13 94.15 94.86 94.86 94.86 94.86 0.12 0.12 0.02 0 Puls 2850 NC 0977 CJ	-0.0° PLES (NA) +0.0° ALLS -0.17 0.05 0.81 Prevenue 10 0.85 10 0.45 0.10 0.10 0.10 0.10 0.10 0.10 0.10 0.1	94.5 94.3 1 94.1 2 85.0 2 94.8 2 94.8 2 94.8 2 94.8 2 94.8 3 points of 0.03 3 day's open FE) SFr lar Dec 0.11 0.04 pen st., Cai	6 94, 94, 95 94, 100% 2 85, 5 94, 100% May 0.02 0.17 0.41 rt., Cuts 3 points 0 0.36 is \$245 Pt 100%	54 37 4 11 7 11 7 11 7 11 7 11 7 11 7 11	34,921 30,043 78,316 559 157 157 158 0.08 0.21 0.42 0.42 0.42 0.42 0.42 0.42	380,556 358,634 349,163 349,163 9,522 5,084 783 0,11 0,24 0,44 0,44 Dec 0,49 0,57
Sep Dec Will TREE LAIN Sep Dec No Committee Price Pric	94.55 94.38 94.38 94.00 94.85 95.00 94.85	94.55 94.38 94.13 84.13 84.13 94.66 94.66 94.66 94.66 10 pask (LF) 0.02 0 Pask 2850 00 C 00	-0.0° -0.0°	94.5 94.1 94.1 1 94.8 1 95.0 1 95.0 1 95.0 1 95.0 20 0.0 Sep 0.20 0.0 0.0 3 0.0 1 95.0	6 94. 9 54. 100% 2 85. 5 94. 100% May 0.02 0.17 0.41 rt., Cots 1 3 points 0 Jun 0.36 is \$245 Pt.	54 337 4 111 7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	34,921 30,043 78,316 559 139 157 77S — July 0.08 0.21 0.42 24, 345677 77S — Pep	380,536 358,634 349,163 9,522 5,084 793 0,11 0,24 0,49 0,67

The Euroyen Future from LIFFE and TIFFE.

The leading derivatives exchanges in Europe and Asia have linked up to offer global market users direct access to the world's most liquid Euroyen contract (open interest, 1.2 million lots) throughout the trading day.

To find out more about the new Three Month Euroyen futures contract call the Designated Brokers, listed below, or any other LIFFE member. Alternatively, contact Satoshi Takenaka or Michelle Townsend at LIFFE on +44 171 379 2434/2432 or E-mail: advertising.info@liffe.com.

CAGF London Limited +44 171 626 0361 Peter Benton Cargill Investor Services Limited +44 171 283 6598 Richard Yuan Credit Lyonnais Rouse Ltd +44 171 638 0293 Alex Cooper Fuji International Finance plc +44 171 826 3340 Andrew Bryan **GNI** Limited Hugh Morshead +44 171 337 3746 **HSBC** Futures, a division of Midland Bank ple Tim Sweeting +44 171 336 3622 IBJ International pic +44 171 236 1090 Oliver Godden

ING Derivatives (London) Limited Paul Bethell +44 171 390 2040

Nikko Europe Plc Takuji Takiyama +44 171 222 7748 Nomura International plc +44 171 454 0492 Patrick O'Brien Sanwa Futures L.L.C.

+44 171 330 0350 Graham J. Farrow Tullett & Tokyo

(Futures and Traded Options) Ltd John Paul Miller +44 171 827 2401 Yamaichi International (Europe) Ltd

Greg Holley



+44 171 638 7007

http://www.liffe.com/

Be ex us

re fle

Usi

int

fun enł

the

第四次が対域で、時代力能は大きないで、で、で、で、で、では、100mmで

2. 1. Lake.

HOUSEHOLD GOODS

京寺 一本山 山村一山村

はアメアは国际の方面国際

17.5 18.4 19.1 17.1 21.7 9.9 26 265 19 11.5 65 21.8 25 21.8

المكنا بن الاجل

ا ا ا ا الديمي الدياد الفيد الفيد للا الله الله المقاد المديدة الله الديال الديد الله الديد التيديد إلى المالية التقر Don't be side tracked. RAILTRACK Share Cali 0990 600 600 NatWest

FINANCIAL TIMES THURSDAY APRIL 25 1996 LONDON SHARE SERVICE | The content of the 题。1977年1月1日,1978年1月1日,1978年1日,1978年1日,1978年1日,1978年1日,1978年1日,1978年1日,1978年1日,1978年1日,1978年1日,1978年1日 1978年1日,1978年1日 **医公司 经自分股票的 计时间 医甲基苯酚 计传统 医红色状态 经股份的 计分类计算 医软状体 医人种复数形式 "一个的时间就在这种的** HINDERSON TO THE THE PARTY OF T 818154458774581770811732915 - 4451461 - 8126 の名前には人工の政策のないののに PAPER , PACKAGING & PRINTING

| Page TELECOMMUNICATIONS + or 52 w - high -4 16 12 -1 20 20 -1 20 20 -1 20 20 -1 10 20 20 -1 10 20 20 -1 10 20 20 -1 10 20 20 -1 10 20 20 -1 300 Sept 12 Se Mar. Control of the C 4 - 4445 - 444 - 4 YM PE 24 18.4 27.4 31.7 6.9 6.2 6.0 13.5 6.0 13.5 6.0 13.5 6.0 13.5 6.0 13.5 6.0 13.5 7.5 A COLOR OF THE PROPERTY OF THE TO STATE OF THE PARTY OF THE PA + er 52 week - bigh fee + 2514 1164 - 222 465 +70 2525 461 -10 662 300 124 979 10 YOU'D BE FAR MORE ANTENNER TENNEY CONTROL OF THE PROPERTY OF THE SUCCESSFUL IF YOU STOPPED PAYING YOUR STAFF. | 10.5 | 22.4 | 72.5 | 10.6 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | **TOBACCO** CMG, one of Europe's leading IT services companies, will take over total responsibility for 1969 109272200 08 1002515 007292 170-171 the administration of your payroll, including dealing with the Inland Revenue and DSS. h's a guaranteed, trouble-free accurate, totally efficient, lightning fast payroll service. GUIDE TO LONDON SHARE SERVICE Creating shared success. OTHER INVESTMENT TRUSTS The following investment imput are not alighful for inclusion in the FT-SE, Actuarius Share Indices.

For S2 week include Prior — high in PHARMACEUTICALS - Cont. RETAILERS, GENERAL - Cont. 22 with the 12 control of the | Section | Sect Chromises And Corners And Corn | Col. | ### PROPUCTION

PROPUCTION 2722555 - 5550 - 65765 7722555 - 5570 - 65765 7722555 - 57255 - 61965 7722555 - 41575 - 41575 77255 - 41575 - 41575 7725 - 41575 - 41575 Indicates the most actively traded stacks. The secialant life stacks are most actively traded stacks. The secialant life stack between Assembly records are published continuancely prough to stack between Assembly and rear-UK. Shock Exchange Assembly and rear-UK stacks through the Schol international dystem.

It is the stack of the stack between a published to allow for capital changes.

I interior store related passed or deferred.

Place 2 (tably overseen incurporated companies) itself on an approved exchange.

Free assemblishment report predictic, see details before a semi-dispersion or stack Exchange and company not subjected to stack Exchange and company not subjected to save degree of reporting the stack searching as a semi-dispersion or stack to stack to stange and company not subjected to save degree of reporting the stack searching as a semi-dispersion or stack to stange and companies.

Free assemblishment report prediction in progress.

I first interest and the stack search part of the stack of t PROPERTY A 1840 Aller Landon Acc.

A 1840 Share O Re Pro
Apple Share O Re Pro
Ballon Share INVESTMENT COMPANIES Amenican Footbactor \$2.50

Give Commondation \$1.120

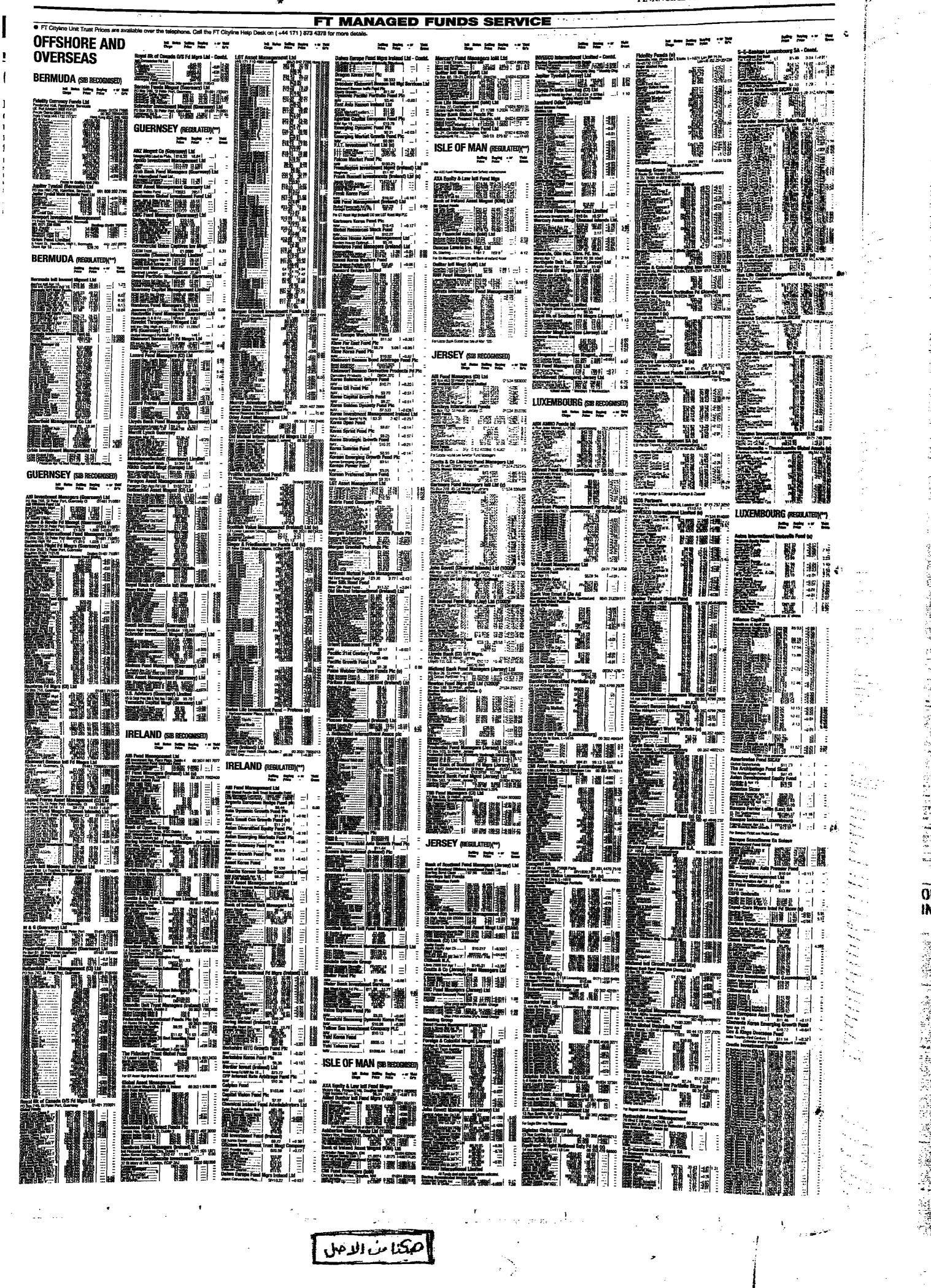
Wish and \$1.120

Wish SUPPORT SERVICES Michael College Colle - OTHER FINANCIAL

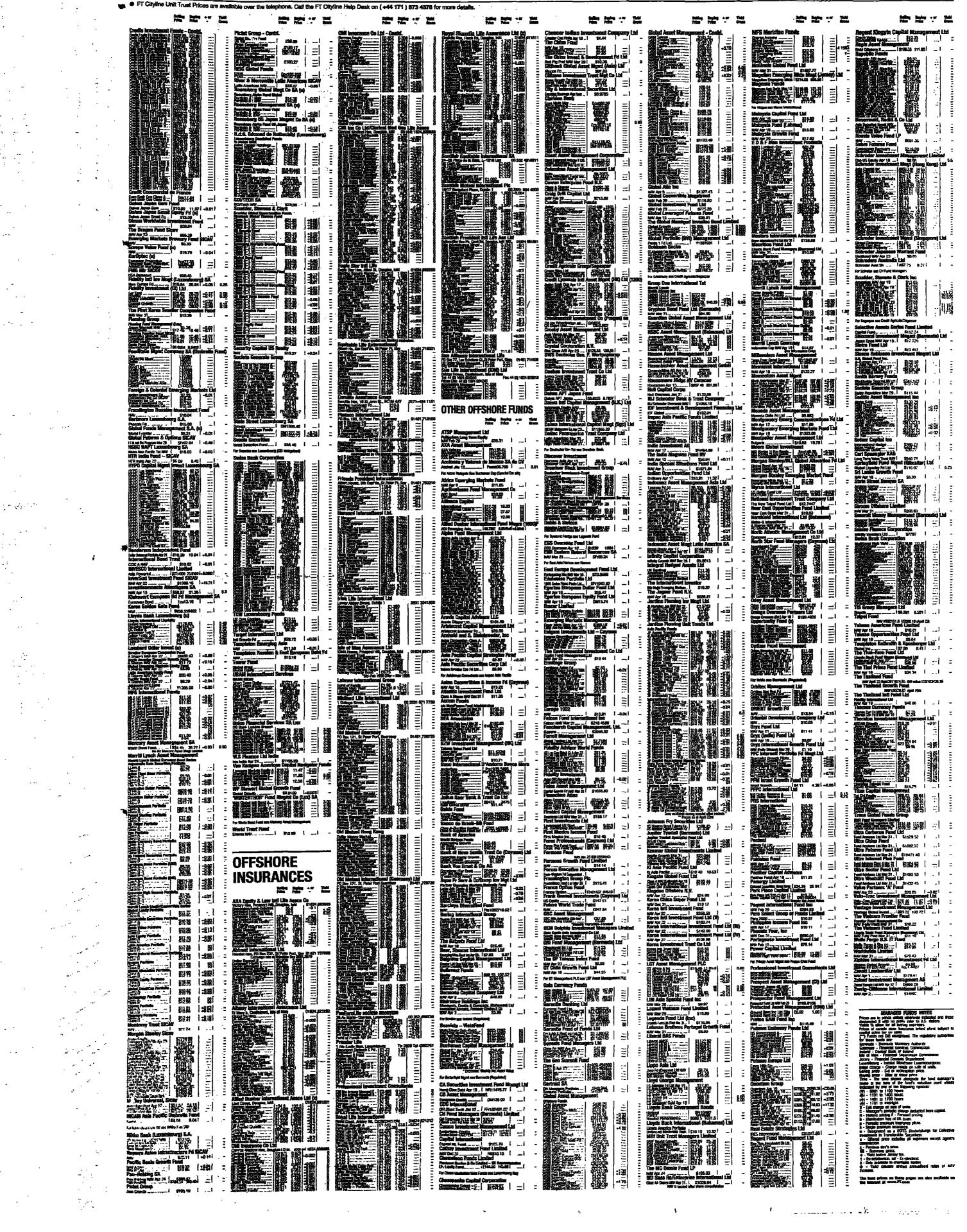
Absolutes | Initial | Init

hodes
Arthurs Africa
Display Africa
Display Africa
Display Africa
Arthurs Africa
Arthurs Africa
Biology
Biolog

100 CONTROL STATE OF THE STATE



FT MANAGED FUNDS SERVICE



Lang shock and Wall St tumble upset equities

By Steve Thompson, UK Stock Market Editor

A London stock market looking well set for a strong recovery after two sessions of losses was stopped in its tracks yesterday by shock news that the proposed bids by the two English power generators, National Power and PowerGen, for Southern Electric and Midlands Electricity had been blocked.

The market had been expecting a statement from Mr Ian Lang, the secretary of state for trade and industry, giving the go-ahead for the bids, so the news sent a series of severe shock waves careering

market, which retreated sharply. Dealers said many of the big marketmaking firms and international arbitrageurs, who have been running big positions in the relevant stocks, had suffered heavy losses as shares in the generators and recs plummeted.

Sentiment in London was also badly affected by a weak opening to Wall Street, which fell some 20 points shortly after trading started and was down over 40 points not long after dealings stopped in London. Generators/recs occupied the top four placings in the FT-SE 100 worst performers table and the top five rankings in the FT-SE mid 250 through the utilities areas of the league. Falls ranging from 4.8 per

cent in Scottish Power to almost 9 per cent in Southern Electric cost the FT-SE 100 index 6.4 points. The index ended at the day's lowest

level, 3,817.6, down a net 15.4. The Mid 250, bolstered by a surprise hid by the Conrad Blackowned Hollinger group for the 36 per cent minority interest in The Telegraph, which produced a 20 per cent jump in Telegraph shares, managed a minor gain, closing 4.6 up at 4,544.7, although a far cry from the 18 points-plus gain it recorded earlier in the session. Traders, still shaken by the stunning turnaround in the utilities

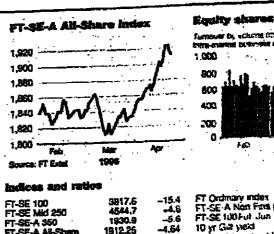
area, said the sectors could fall fur-

decision, but insisted the news would not prevent more overseas bids in the recs. One specialist insisted: "There will be no independent recs by September."

The electricity story totally deflated an otherwise recovering stock market. An uneasy opening, triggered by worries about the prospect of a big rights issue and the auction of £3bn worth of 10-year gilts, saw the Footsie slip away to drift into neutral territory within minutes of the opening before staging a useful rally towards midmorning. The recovery came after the gilts auction was covered some 2.65 times, news that prompted a ther in the aftermath of the Lang flurry of buying in equities.

And traders once again picked up the scent of impending takeover activity, especially in the utilities. but also around the various sectors. The day's hottest bid stories again included Ladbroke, the gaming to hotels group, whose shares raced up to top the 200p level amid exceptionally heavy trading. Hilton International, Scottish & Newcastle and Bass remain favourites to break up Ladbroke. Another bid story gaining momentum over the day was Lucas industries, whose chief executive, Mr George Simpson, is about

to move over to head GEC. Turnover at 6pm reached 970.3m shares. Customer activity on Tuesday was valued at 22.1bn.



Shock wave in power

The UK government yesterday dropped a bombshell on the electricity sector after it announced it had decided to block the takeover bids for Southern Electric and Midlands Electricity, by two of the UK's biggest generators.

A late afternoon statement from the Department of Trade and Industry (DTI) said the minister had decided not to permit PowerGen's offer for Midlands and National Power's bid for Southern Electric.

The market had expected the bids to get the green light after reports of an impending announcement from the DTI seeped through the market on Tuesday, helping shares regis-ter strong gains for most of the session yesterday.

One market specialist said: "This is completely unexpected and it leaves the UK electricity sector wide open to bids from overseas companies. The message appears to be that this is OK but it is not alright for UK companies to merge with each

The news prompted a sharp reversal in the fortunes of all those involved and shares in Southern Electric tumbled 79 to 824p, the day's worst performer in the Footsie, after trade of 4.4m. Those of Midland fell 40 to 371p, to top the list of the day's worst performers in the FT-SE Mid 250 index. There was no love for the would be used to slide. The shares bidders either and Powergen retreated 29 to 1131p for a

the US and continental Europe. gesting that water companies may emerge as the suitors for

Telegraph bid

News of the bid from Hollinger International pushed The Telegraph sharply forward and sent a number of other sector stocks moving ahead. Including the special dividend, Hollinger is offering 570p a share which, according to analysts, suggests a p/e relative of 150, once associates have been adjusted for.

"This looks to be somethin of a fundamental rerating. Th trading background ha improved, with costs easing and advertising picking up There has been a lot of interes today," said one top sector watcher. The Telegraph jumped 96 to

559p. Daily Mail Trust added 120 at 1705p and United New and Media rose 10 to 685p. Reed International continof the US, might either offer for Eastern Electricity or bid outright for Hanson Energy were put on hold by the MMC announcement. Up 2 at one stage, the shares ended the day slightly easier at 198p.

FINANCIAL TIMES EQUITY INDICES

	Apr 24	Apr 23	Apr 22	Apr 19_	Apr 18	Yr ego	1 tigh	_w
Ordinary Share	2851,9	2658.8	2880.1	2885.2	2847.1	2449.7	2895.2	2696.7
Ord. div. yield	3.88	3.88	3.88	3,93	3.96	4.32	4.06	3.76
P/E ratio net	16.76	16.77	16.86	16.53	16.33	16.78	17.25	15.96
P/E ratio nll	16,52	16.53	18.62	16.29	16.10	16.58	17.03	15.76
Ordinary Share inde	x ames co	mpilition:	Ngh 2005.	2 19/04/9	i low 49.4	25/05/40.	₿ase Det	er 1/7/35.
Ordinary Share I	county of	anges						
Open 9.00	10,00	11.00 1	200 13	14	00 15.0	16.00	High	Low

When it came, the Wienerber-

ger story was all about a link with Belgian rival Koramac.

But the Redland share price

stayed positive, with investors

betting that a brick sale was

	Apr 24	Apr 23	Apr 22	Apr 19	Apr 18	Yr ago
SEAO bargains	36,235	37,550	42,481	42,343	40,197	23,926
Equity turnover (2m)†	-	2067.5	1629.6	2072.8	2464.3	1574.7
Equity bargainst	_	46,8B4	48,776	48,958	47.711	35.651
Shares traded (milit	_	966.6	622.4	759.3	907.8	710/
Excluding Intra-market but	inees and o	emaile turno	Vec.			
		Apr 22 A				"Low

Open 9.0	3 10.00	11.00	12.00	13.00	14.00	15.00	16.00 High	Low
2863.6 2857.	6 2861.4	2867.3	2886.9	2964.0	2867.0	2883.5 2	854,5 2867.9	2850.9
		Apr 24	Apr	23	Apr 22	Apr 19	_Apr_18	Yr ago
SEAO bargains		36,235	37,	55 0	42,481	42.34	40,197	23,926
Equity turnover	(Em)†		206	7.5	1629.5	2072	2464.3	1574,7
Equity bargains		-	. 46,	684	48,776	48,956	47,711	35,651
Shares traded	(m#);	-	- 96	6.6	622.4	759.3	907.8	710.4
Texturing intra-								
FT-SE AIM For 1998.	Apr 24 1040.3	0 1039.5	0 1036.	40 100	r 19 Ap 26.10 10	r 18 Yr 26.40	ago 75gh - 1054.83	"Low 2 965.68
■ London :	narket (data						
Rises and falls	<u> </u>	52 1	Veek hi	gits an	d lows	LIFFE	Equity option	:E
Total Bases	92	a ITαts	محملا ال		373	Total c		20 105

buyback did the rounds in the

market yesterday. The group is due to announce first-quarter figures today and the more optimistic expected ICI to make an announcement on enhancing shareholder value. The shares iumped 24 to 954p in 5.7m dealt. However, one analyst dismissed the speculation saying: "I doubt such an announcement will be made. I think people are getting exited

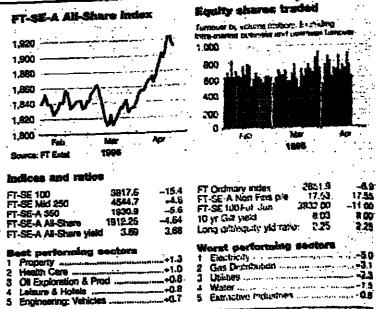
save for a turnover of 25m shares in Ladbroke, which rose 9 to 2051 p in the face of continuing takeover speculation concerning the group, which owns the Hilton hotels except for those in North America that are owned by Hilton International.

full takeover seems unlikely. Perhaps Hilton International and Ladbroke could put into a new company."

to 324p following an £11m rights issue.

cial figures for retail sales in

Jeffrey Brown, Lisa Wood,



1 / Oct 1 / Oc

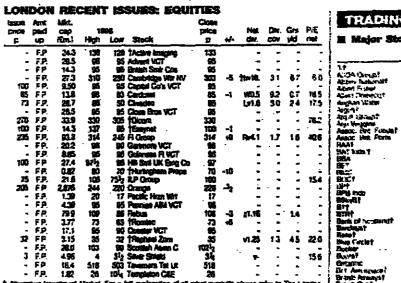
FUTURES AND OPTIONS March, to be published today. shares retreated 36 to 570p, two-day fall of 3 per cent. Inter-Bid speculation was said to immiment. The price tag is continued to be volatile despite while those of National Power national conglomerate Hanson be the driving force behind a 4 said to be between £150m and E PT-SE 100 BIDGE PUTURES (LEFE) \$25 per \$25 p low volumes of trading. Among Open Set pros Charge High 1,44 3850.0 3832.0 -11.0 3800.0 3800.0 3868.0 3840.0 -10.0 1877.0 2842.0 3876.5 -8.0 1877.0 2842.0 dropped 32 to 564p. Sympathetic falls were also recorded in Scottish Power, was again at the centre of a steady stream of rumour and advance against the market to 224p at motor engineer Lucas £200m_ 61506 3226 61 Redland closed 111/2 higher at the better performers was Kingfisher, up 17 to 595p, folnews threads, and at 22m Industries. Volume was above 434p in 3.3m traded. Caradon lowing the announcement that where the shares closed 19 traded the shares were the secaverage at 4.3m. put on 8 at 237p. Mercury Asset Management Electronics engineer Fairey. # FT-SE NED 250 INDEX PUTURES (LEFFE) LIG per full reder punk down at 373p. As the session drew to a and most active Footsie stock One analyst said: "These Weak results from Union rumours have been around a which flew analysts to the US had increased its holding. +10'0 75#LP 12'F) G 4580.0 to view its US operations, con-Bentalls, the department Carbide, of the US, served to close, attention turned to likely long time. But if anyone is serious about a bid, this could be tinued to improve. The shares store, rose 11 to 111p following predators for UK electricity remind investors of Hanson's E FT-SE 100 PROEX OPTION (LIFFE) ("382") [13 per full index domi its annual results which exposure to the global chemi-cals cycle and that next companies. Southern Coman opportune moment with added 4 at 655p. Computer soft. pany, the US utility which has ware specialist Sage Group fell chief executive Mr George included substantial property month's second-quarter results Simpson currently clearing his back 10 to 436p ahead of next revaluations. DFS, the furnialready declared its interest in National Power, was said to be are going to be neutral at best. ture business, dropped 12 to desk before moving to GEC. week's results. The negative impact here was initially mitigated by talk Rumours flared up around Digital camera group Active 513b after a strong run over ready to launch a market raid Redland following a suspen-sion of share trading in Auson its desired target anytime Imaging made a strong debut the past few weeks, with profittaking ahead of the results from today. that Hanson's energy arm on AIM. Placed at 122p, the Calls 3.271 Puls 6.581 Some analysts suggested could soon be in play. But the trian building materials leader shares shot forward to 133p in which are due this week. Car-E BURO STYLE FT-SE 100 INDEX OPTION LUFFE (10 per full more state 3676 3725 3776 3625 3875 3928 3978 4665 158 5½ 144 10½ 75 21 43 122 371-6 8½ 104 2½ 146 1 196½ 179½ 24 139 32 163 45½ 75½ 55½ 45½ 52 32 124 25½ 162 12 253 190½ 32 183 44½ 125½ 61 86½ 31½ 72 106½ 52 175½ 30½ 169½ 25 207½ 190½ 78½ 135½ 115 90½ 175½ 30½ 125½ 30 202½ 253 107½ 180½ 78½ 125½ 115 136½ 186½ 186 2020 Wienerberger. Speculation that Redland petright rose 13 to 586p in an illiquid market. late afternoon announcement that bids will come from both 2m traded. Shares in ICI moved sharply on power bids from the MMC though there were those sugsent the stock spinning lower. was about to sell its brick busiahead as talk that the com-MARKET REPORTERS: City hopes that Southern Co, ness to Wienerberger pushed pany may announce a share the stock sharply forward.

Joel Kibazo. tssum Amt Mikt. price paid cap p up film.)

over nothing.
The leisure sector was quiet

One analyst said: "The speculation is so persistent there must be truth behind it. But a together the Hilton businesses

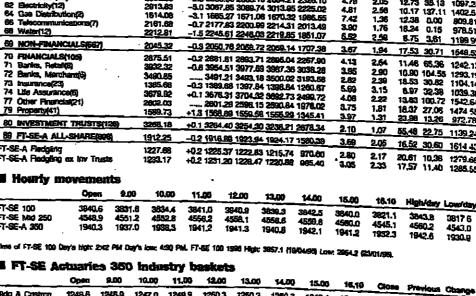
Tottenham Hotspur leapt 14 The retail sector, which is



F.P. 1.82 † Atturnative Investment Share Service notes.		104 Te	echiene echiene echiene	ZF.	26 26 28	- ا منسام ا	- Tile (4) Tile	Ne Land
FT GOLD	MINI	S I	NDE	X		Ţ		
	柳 23	% che se és	8pt 22	7(mm) 2000	State de plate %	P/E	52 t 16gb	LOW LOW
Gold Mines Index (30) IN Regional Judices	2229,74	44,1	225.45	1974.13	140		2520.73	1722.9
Altica (13) Amirajaka (Sj. North America (12)	3059,20 2669,15 2002,77	+3.0	2590.96	2738.40 2437.72 1687.92	2.42		3553.86 2927.34 2186.39	2098.5
Copyright. The Financial Firmen Limited Figures of \$1/12/92. † Parcel, Lane	Times Li	190 190 190 190 190 190 190 190 190 190	TO THE G	بودائنا زیان روانگوری	s Index" as a Santa US D	tracker to	de of The	Famous

ŧ	:	FP FP two less	1.82	518 25	503 Ta	Me Sind Messera T Impleton (Implemol	SE LE	3 kg 5 18 26 What Hyanball	- بر - ا دیسا م ا	Ti ti min	- 15 - - - - - -
				MINI	S I	NDE	X				
				極 23	% cho	Apr	Year Year	Graph dir yield %	雅	52 t High	rysk Low
				2229.34	+4.1	228.46	1974.13	1.40	-	2670.73	1722.93
H	امتودی: 13) مهنا الوندلات	1	086	3059.20 2669.18			2738.40 2457.72	2.60 2.62		3552.86 2027.34	
Ma Ca Ta	PER AND PROPERTY.	the F	TENCH SURMAR	2002_77 Times_Lis brackets	+1,1 19441 19 19441 19	1980.45 95, "FT G	1687.92 cat: Allnes	0.68 Index a a Santa US D	64.65 tracket	218639 sk of 19=	1498.94 Feetrosi
	ndice	es						Ţ	ne U	K Se	ries

	Apr 24	Day's choe%	A0= 23	Aur 22	Apr 19	Year ago	Div. viskt%	Net COver		Xd ad ytdi	i. Total Return
SE 100	3817.6	-0.4			3857.1		3.89	2.14	14 97	64.29	
SE Mid 250	4544.7	+0.1				3517.6	3.28	1.76			
SE Mid 250 es inv Trusts	4582.6	+0.1	4577.2	4582.5		3525.5	3.38	1.81		75.50	
SE-A 350	1930.9	-0.3			1945,4		3.76	2.07		31,99	
SE-A 350 Higher Yield	1859.5	-0.5			1878.5		4.98	1.91		38.86	
SE-A 350 Lower Yield SE SmallCap	2009.8	~~			2021.9		2.63	2.34		25.38	
SE SmallCap ex lay Treats	2206.68 2196.42		2200.29 2189.36				2.94 3.13	1.78 1.88		20.89	
SE-A ALL-SHARE	1912.25		1916.89				3.69	2.05		21.58 30.60	
FT-SE Actuaries All-		~~	1314-00				440	200	10.02	30.00	(0,14.43
On regulation par		Day's				Year	Div.	Net	P/E	Xd adi	, Total
	Apr 24		Apr 23	Apr 22	Apr 19	1890	yield%	COVER	ratio	ytci	Return
MINERAL EXTRACTION(24)	3477,90	-0.3	3489.16	3495.07	3493.65	2817.06	3.75	1.78	18.75	68.56	1493.01
? Extractive inclustres(6)	4626.11		466 <u>5.57</u> 4				3.49	2.38		109,19	
5 Oil, integrated(3)	3471,58		3483.58				3.99	1.68		65.69	1526,88
Oil Exploration & Prod(15)	<u>2508.96</u>		2488.37				2,08	1,59	37.B0	32.05	1509.35
GEN BIDUSTRIALS(276)	2164.24		2162.32				3,91	1.89		29.42	
Building & Construction(34)	1260.38 1894.09		1260.27 1				3.26	1.87	20.49		
? Building Matis & Mercha(29) 3 Chemicala(25)	2609.64		1985.88 2 2591.22 2				3.80	1.76		24.03	
Oherstied Industrials(19)	1808.82		2391.22 2 1813.33 1				3.79 5.71	1.90 1.68	17.31		
Electronic & Elect Equip(38)	2403.85		2415.23				3.01	1,71		41,32 13,04	
Engineering(71)	2497.23		2494.10				3.07	2.45		25.40	1510.75
Engineering, Vehicles(13)	3069.14	+0.7	3047.03	080.12	3075.72 2	204.02	3.46	1.91		32.50	1582.99
Paper, Pckg & Printing(28)	2818.13		2815.83 2				3,64	2.02	17.02		1172.12
Textiles & Apparel(19)	1482,84		1488.15 1				4,75	1.61	16.30		905.77
CONSUMER GOODS(80)	3529.49		3 534,39 3				3.97	1.85	17.04	88.52	1306.16
Alcoholic Beverages(9)	2880.51		2058,44 2				4.34	1.63	17.67		1033,20
Food Producers(23)	2531,36	-0.5	2543,20 2	550,40	2542.86 2	435.65	4.09	1.82		48.08	1144.30
Household Goods(15) Health Care(20)	2682,80	-0.6	2699,162	559.71 2	2532.39 2	441.45	3.70	2.41		51.26	1027,48
Pharmaceuticals(12)	1995.20 4946,49	+1.0	1975,38 1 4954,84 4	DEE 62 4	1936.13 1 1900 oc -	713.58	2.66	1.88		12.20	1205.46
Tobacco(1)	4328.62	-42	328,62 4	392.AF	1999.UU (912,55 992 51	3,44 5.87	1.85 2.00		81.77	1680.11
SERVICES(254)	2539.80									156. (8	
Distributora(32)	2978.83		2530,77 2 2989,48 2				277	2.07		31.06	1318.73
Laisure & Hotels(25)	3277.51	+0.83	251.29 3	254.65 1	D47.00 2	746.09 201 02	2.81 2.58	1.79 2.15		30.10	1096,42
Media(46)	4286,90	+0.7	237.73 4	264.69 4	300.58 2	688.43	2.00	2.15		140.89 45.44	1764.56
Retailers, Food(15)	1937.20	-021	940.98 1	955 42 1	952.65 1	921.65	3.86	2.41		49.44 19.54	1544.98 1225.30
Retailers, General(43)	2117.49	+0.4 2	108.91 2	125.11 2	129.78 1	648.32	2.85	2.22		18.34	1204.90
Breweries, Pubs & Rest.(24) Support Services(50)	3168.45	3	167.74 3	175.31 3	188.11.2	283.66	3.12	2.08	19.28	15.93	1510.93
Transport(21)	2268.54 2479.46	+0.12	266.94 2	<i>450.2</i> 4 2	249.21 1.	532.86	2.16	2.53	22.89	15.03	1437.50
VIILTES(33)			478.43 2				3.50	1.41		27.84	1030.21
Electricity(12)	2598 <u>.95</u> 2913,83	-2.3 2 -8 c 2	560.66 2 067 05 3	860.10 2 080.77 *	554.21 2	326.10	4.78	2.05	12.73	35.13	1097,25
Gas Distribution(2)	1614.08	-3.11	087,85 3 685,27 1	108./43 871 NR 4	U 13.45 2	245.UZ	4.81	2.58			1402.51
Telecommunications(7)	2167.68	-0.72	177.83 2	200 DO 2	214 31 2	713.40	7.42 3.90	1.36		0.00	809.81
Water(12)	2212.81	-1.5 2	245.61 2	248.03 2	219.85 1	151 N7	5.50 5.52	1.76	18.24	0.15	978.51
NON-FENANCIAL S(567)	2045.32		050.78 2					2.50	8.75	3,61	1189 99
FINANCIALS(105)	2875.51		881.61 2				3.67	1.94	17.53	30.71	1548.52
Banks, Retal(8)	3932.32	-0.63	954.51 3	177 89 °	000.US 2 007 35 9	196.165 00:480	4.13	2.64	11.48		1242.13
Banks, Merchand(5)	3490.85	3	491.21 3	LEG 18 9	500 NO 31	183 Ee	3.95	2.90	10.90	104.55	1293.19
Insurance(23)	1385.68	-0.3 1	389.68 1:	397.84 t	39R.84 1:	280.87	2.82 5.69	2.39	18.53	30.82	1104,14
Life Assurance(6)	3679.92	+0.13	676.31 37	704,323	692.73 24	190.72	4.06	3.15 2.22	6.97	32,38	1039.38
Other Financial(21)	2602.03	2	601.29 2	59B.15 2	590.84 19	78.09	8.75	1.81	13.63	100.72	1512.64
Property(41)	1589.73	+1.31	568.89 15	59.58 1	558.29 11	45.41	3.97	1.31	18.37 23.98		1474 55
INVESTMENT TRUSTS(126)	3268,18	+0.13	264.40 3	254.30.3	238.21.24	78 74				13.26	972.78
FT-SE-A ALL-SHARE(806)	1912.25						2.10	1,07	<u>55,48</u>	<u>22.75</u>	1139.24
		<u>-uz Y</u>	916.22 19	23.94 1	24.17 1	20.39	3.69	2.05	16.52	30.60	1614 43
E-A Fledging F-A Fledging ov tov Tower	1227.68	+0.2 1	225.37 12	22.83 1	215.74 8	70.6g	2.80	2.17			1970 40



This announcement appears as a matter of record only.



ScottishPower

has acquired

Manweb

Baring Brothers

acted as lead financial adviser to ScottishPower in this transaction



OCTOBER 1995

orge Lore Shock
221s 191s ARI
441s 381s ARP
94 98 ARR
5012 371s ASA
461s 191s ASA
461s ASA
4

YORK STOCK EXCHANGE COMPOSITE

J,

是我是 经人工人

5000 Fran.
Ducke Close
197, +79
44/2 +7
85/4 -1/4
46/3 -1/4
14/3 -7
40/2 -1/4
14/3 -1/2
40/2 -1/4
14/3 -1/2
40/2 -1/4
14/3 -1/2
44/4 -1/2
44/4 -1/2 27 L Accordis
12 Accordis
12 Accordis
12 Accordis
13 Accordis
14 Accordis
14 Accordis
14 Accordis
15 Accordis
15 Accordis
15 Accordis
15 Accordis
15 Accordis
16 A

-15 .5₈ ,1₄ +1₄ .3g +3g +13g +13g +15g -13g

251-221-2 DPL Holding
275 1775 DeSets Seen 1
341-271 Development Co. 1
15-21-2 Demind Ind. 1
14-1 DPL Demind Ind. 1
15-2 11-2 Demind Ind. 1
15-3 11-2 Demind Ind. 1
15-3 11-2 Demind Ind. 1
15-3 11-2 Demind Ind. 1
15-4 13-4 Development Ind. 1
15-4 13-4 Development Ind. 1
15-4 13-4 Demind Ind. 1
15-4 13-5 Demind Ind. 1
15-4 Demi - F -

-1₈ +1₄

1935
High Law Stock
1975 27/2 CRL bell
75-14 4544 Culture
45 3412 Cutwarfan
12 1076 Cutwarfan
12 1076 Cutwarfan
127 1073 CV Ret
2215 2215 Cycare Syst
125 2215 Cycare Syst
125 215 Cycare
2215 2315 Cycare
2215 2315 Cycare
2315 2315 Cycare

1 Table 1 Tabl

764, FY Sa Common Commo

- D -

1.30 5.7 13 1927 224 622½ 254 1012 0.6 14 544 1912 1944 1913 10 0.30 10 1779 333 33 34 10 0.6 0.2 12 684 4042 40 4042 40 4042 10 10 0.30 10 745 10 745 10 74 日本日 山北海南北南山北南 上日 上旬上京 27% 27% BP ion 22% 20% P Ton 3% 27% P Ton 3% 27% P Ton 3% 27% P Ton 3% 27% Ion 27% 27% Ion 27% 27% Ion 27% 27% Ion 27%

94, 15, LA Cear
224, 227, LS & E SA
367, 224, LS & LS
367, 227, La Carina
34, 227, La Carina
35, 227, La Carina
37, 227, La Carina
38, 227, La Car

THE FY SE THE TOWN THE TOWN COMMON TO THE FY SE THE TOWN THE TOWN COMMON TO THE TOWN COMMON TO THE TOWN COMMON TOW

1996
High Leer Stock
45 lg 36 Registre
107g 65 lg Normal
172 59 lg Normal
172 59 lg Normal
173 57 Normal
213 57 Normal
45 51 Normal
45 51 Normal
15 27 lg Normal
15 13 Normal
15 15 13 Normal
15 Normal
1

.16

通過 有好有一人人人 经有的人的人

-1₀

Charles of the state of the sta

St. 65 CHM OF 261, 155 CM both St. 365 CM both St. 365 CM SEC 175 365 CM SEC 175 185 CM SEC 175 185 CM SEC 175 SC (SC 175 4 40 SC (SC 175 4 40 SC 175 SC (SC 175 SC C SC Charles 4 4 50 Charles 4 6 50 Charles 4 6 50 Charles 5 6 50 Charles 5 6 5 Charles 5 6 Charles 5 6 Charles 5 6 Charles 6 C - P - Q -I Rank Einkl

40 3412 BCE 12% 7% BCT AIR 1812 1576 Bishnoo 19 16% Bishor For 13 22% Bishor For 13 25% Bishor For 13 الما الماليان المال المالية فيالمالية فياليالية المالية المالي Race to Market.

- B -

If the business decisions are yours, the computer system should be ours. http://www.hp.com/go/computing

PACKARD

大樓樓 南非 南水南水南南 分子西南北

48-14 44-12 J River PF 1 3.37 7.4 22 45-14 45-14 45-14 55-14 - K -사 나 나 나

大年時代 大年级马克大力

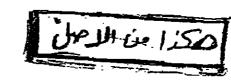
- N -

15-9 1179 S Andra RE 02 5114 SPS To 1019 S Shaher RE 1 166 4215 Shaher RE 1 179 1317 S Shah

- R -

- 0 -

Total Address of the second se

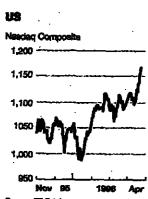


	· . ·	
FINANCIAL TIMES THURSDAY APRIL 25 1996 * 4 pm class April 24 NYSE COMPOSITE PRI	CES	NASDAQ NATIONAL MARKET 4 par closs April 24
192 134 Saleti 0.06 0.3 431686 1932 1949 1953 144 174 174 Expendition 0.07 13 263 2954 2954 195 195 195 195 195 195 195 195 195 195	1985	## 25 Part P
13 11 15 Solgen Selv 184 6.9 33 12 12 12 12 14 15 15 15 15 15 15 15 15 15 15 15 15 15	344 34 Walley Nt.	Abside 0.86 20 188 25 24½ 25 +½ Abside 0.86 20 188 25 24½ 25 +½ Abside 0.86 20 188 25 24½ 25 +½ Abside 0.86 20 188 35 36 36 36 36 36 36 36 36 36 36 36 36 36
1 31 224 Sentes F1 0.00 24 12 500 24 12 50 24 12 50 24 12 50 24 12 50 24 12 50 24 12 50 24 12 50 24 12 50 24 12 50 24 12 50 24 12 50 24 12 50 24 12 14 14 14 14 14 14 14 14 14 14 14 14 14	22½ 20½ Westers Res 22½ 21½ 25½ 21½ 32½ 21½ 32½ 21½ 32½ 21½ 32½ 21½ 32½ 21½ 32½ 21½ 32½ 21½ 32½ 21½ 32½ 21½ 32½ 21½ 32½ 21½ 32½ 21½ 32½ 31½ 31½ 31½ 31½ 31½ 31½ 31½ 31½ 31½ 31	Ambiech Q 120 25 63 19½ 18¼ 19¼ 1½ 124 125 Ambiech Q 120 27 63 19½ 18¼ 19¼ 1½ 124 19¼ 1½ 124 19½ 1½ 1½ 11½ 11½ 11½ 11½ 11½ 11½ 11½ 1
474 Samp Spring 1.22 2.8 12 228 483 483 483 443 4 45 4 40 11 1882 188 153 15 18 19 40 244 133 59 17 100 25 14 8816 413 40 244 40 24 24 24 24 24 24 24 24 24 24 24 24 24	1.50 2.5	Ausseld
40 ¹ g 27 ¹ g Sharun Rigar 1.00 4.3 1g 157 38 ¹ g 37 ¹ g 47 ¹ g 1 ¹ g 40 ¹ g 34 ¹ g Sharun Rigar 1.00 4.3 1g 157 38 ¹ g 57 ¹ g 44 ¹ g 37 ¹ g 57 ¹ g 44 ¹ g Sharun 1.00 1.00 1.0 16 190 st ¹ g 4 4 ¹ g 57 ¹ g 44 ¹ g Sharun 1.00 1.0 1.0 16 190 st ¹ g 4 4 ¹ g 50 ¹ g 51 ¹ g 51 ¹ g 51 ¹ g Sharun 1.00 1.0 12 11 16 9 ¹ g 9 ¹ g 8 ¹ g 4 ¹ g 51 ¹ g 11 ¹ g 9 ¹ g Sharunhar 1.10 1.0 18 19 18 30 6 30 ¹ g 2 30 ¹ g 39 ¹ g 39 ¹ g 11 ¹ g 11 ¹ g Sharunhar 1.10 18 19 18 30 6 30 ¹ g 2 30 ¹ g 39 ¹ g 39 ¹ g 11 ¹ g 11 ¹ g Sharunhar 1.10 18 19 10 10 11 ¹ g 11 ¹ g 11 ¹ g Sharunhar 1.10 18 19 10 10 11 ¹ g 11 ¹ g 11 ¹ g Sharunhar 1.10 18 19 10 10 11 ¹ g Sharunhar 1.10 18 19 10 11 ¹ g 11 ¹ g 11 ¹ g Sharunhar 1.10 18 19 10 11 ¹ g Sharunhar 1.10 18 19 10 11 ¹ g	- X - Y - Z - 142119 ¹ 2 Xeror 3.43 2.5 17 6585 141 ² 3 138 ² 3 140 ² 3 +1 ¹ 3 47 ² 3 38 ² 4 Xero Corp 0.72 1.5 14 107 45 ² 4 45 ² 5 45 ² 5 45 ² 5 - ¹ 3 25 ² 4 27 ¹ 4 Yerkere Byr 1.26 5.7 15 37 22 ² 5 22 ¹ 5 22 ¹ 5 - ¹ 4 555 47 ² 5 Yerk Int 0.56 0.7 21 578 50 48 ² 5 50 + ¹ 2 55 ² 5 47 ² 5 Yerk Int 0.56 0.7 21 578 50 48 ² 5 50 + ¹ 2 574 5268 3 86 83 43 ² 4 3 ² 5 50 + ¹ 2 27 ⁴ 5 5268 3 86 83 43 ² 4 3 ² 5 5 ² 5 5 ² 5 1 ² 5 27 ² 5 5268 3 86 83 43 ² 4 3 ² 5 5 ² 5 5 ² 5 1 ² 5 27 ² 5 5268 3 86 83 43 ² 4 3 ² 5 2 ² 5 2 ² 5 1 ² 5 1 ² 5 17 ² 5 1	Supplement 2.00 14 179 1703 103 105 2 1 103 105 2 1 103 105 2 1 103 105 2 1 103 105 2 1 103 105 2 1 103 105 2 1 104 105 2 1 104 105 2 1 105 2 1
574, 694, TDK CORP A 0.45 0.6 49 77 (6574, 584, 584, 584, 584, 144 186) 134, TS BERRY 0.08 6.4 3 257 144, 134 14 14 18 233, 185, TDK CORP D 0.68 3.8 7 38 233, 2234, 2334, 233	2-ca-debind or ex-light, yiel-jaid, 2-calles in fall. 5 Chailings temperal Reports Service The central Reports Reports Appendix Velocity The central Reports Reports will be sent on the sent The central Reports Reports will be sent on the sent The central Reports Reports and Debit Reports Reports and Debit Reports The central Reports Reports Reports and Debit Reports The central Reports Reports Reports The sent on the sent The central Reports Reports Reports The Service Reports Reports The Service Reports Reports Reports Reports Reports The central Reports Reports Reports Reports Reports Reports Reports The central Reports	Southon Tr:
Stock Dis. E 100s High Loss Close Group Adv Magn. 32 199 22½ 22½ 22½ 22½ 2½ 2½ 2½ Alfin Inc. 12 553 42½ 1¾ 1½ 1½ Alfin Inc. 12 553 42½ 1¾ 1½ 1½ Am Is Pa. 1.04 6 3 35 34¼ 34¾ 5½ Amedical 0.05 54 3781 113½ 12½ 13 3½ Amedical 0.05 54 5781 113½ 13½ 13½ 13½ Amedical 0.05 54 5781 113½ 12½ 13 3½ Amedical 0.05 54 55 5½ 5½ 5½ Amedical 0.05 54 55 55 55 55 55 55 55 55 55 55 55 55	Clase Clong Shook Div. E 100s High Loss Close Clong	Cardials 18 1953 174 1873 1744 44 45 174 174 174 174 174 174 174 174 174 174
BATadr 0.85 10 4819 1541 1541 1542 + 10 Ebitope 14 700 1948 10-4 10-4 - 2 Liment the 3 52 10-2 518 Beach 18 31 03-1 349 3-1 14 Feb inde 0.70 18 5 274 275 274 Lynch Cp 19 13 72 714 Bic-Rad A 16 50 04674 4612 4614 + 4 Sept A 240 14 11 5012 5012 14	1714 12 12 12 13 714 715 14 14 17 17 17 17 17 17 17 17 17 17 17 17 17	Connect Care Care Care Care Care Care Care Care
Have your FT hand delivered in CCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCC	es delivered to your home or	Commission 2 6 12 70 36% 36% 36% 4 sq. 21 27 72 22 24% 24% 24% 25 24% 24% 25 25% 25% 25% 25% 25% 25% 25% 25% 25%
office every working day. Hand delivery services are available for live in the business centre of Moscow. Please call +7 095 243 1 more information. Financial Times. World Business Newspaper.	r all subscribers who work or	DSC Cm 2071697 29 ¹ / ₂ 2

help technology sector

Another spate of strong earnings helped technology shares continue their steady march higher in early trading, while broader indices lost ground. writes Lisa Bransten in New

Although Compaq Computer trades on the NYSE, its stronger than expected quarterly earnings and positive outlook



for the personal computer sector helped the Nasdaq composite to a 5.90 points gain at 1,172.66 near 12.30 pm. The Pacific Stock Exchange technology index added I per cent. Compaq was up \$3% or 9 per cent at SAR

Digital Equipment added another \$2% to the \$4% it jumped on Tuesday after its healthy earnings report. Hewlett-Packard moved ahead \$3%

Internet-related companies were boosted by a healthy report from Netscape Commu-

Market

Argentina Brazil Chile

Mexico Peru²

China*

Philippines Taiwan, Chi India⁷

Latin America

per cent to \$67 after reporting earnings of 6 cents a share, 2 cents above estimates. The American Stock Exchange/Interactive Week index of Internet stocks rose 1.7 per cent.

A few disappointing results weighed on other broader indices. At 12.30 pm the Dow Jones Industrial Average was off 37.22 at 5,551.37, the Standard & Poor's 500 had eased 1.68 to 649.90 and the American Stock Exchange composite lost 1.30 at 589.43. Volume on the NYSE was 262m shares.

Walt Disney, a component of the Dow, tacked a loss of \$1% to the \$% it fell on Tuesday after revealing earnings just shy of analysts' expectations, bringing the shares to \$59%. Du Pont, another Dow component, dipped \$1% to \$83% after of \$1.61, in line with market

Goodyear Tire & Rubber, also in the Dow, hardened \$% to \$50% following earnings of 98 cents a share, 2 cents ahead of estimates. USAir gavę up \$% or 4 per cent at \$16% after reporting a first-quarter loss of 86 cents a share.

Canada

Toronto edged lower in midsession trade, pausing after Tues-day's record high close, and the TSE 300 was 6.64 softer by noon at 5,110.30 in volume of

RCE remained in the spotlight, rising 75 cents to C\$53.70. Analysts said that the stock was hitting new highs on expectations of strong quarterly earnings and on specula-

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

% Change % Cha

+2.6 +1.2 -0.0 +2.0 -6.7 +2.3

There had been hopes that Vietnam would have a functioning equity market during 1996, but the start-up date has been postponed, writes John Pitt. Standard Chartered, in a briefing document issued this week, says that while the government has announced its intention to sell shares in some 200 state-owned enterprises this year, the establishment of a stock warket remains at least 18 months away. "Vietnam's eighth congress, scheduled to convene in Scheduled to

ment of a stock market remains at least 18 months away. "Vietnam's eighth congress, scheduled to convene in September, is expected to draw up a property law and a legal framework for the establishment of a stock market," reports Standard. "That will permit the creation of a secondary market in shares of 'equitised' [the government's term for privatisation] SOEs. Country fund managers are optimistic that the state sector will be opened to foreigners on a limited basis this year, citing pressure from the World Bank to speed up the process, and the lack of domestic capital to take up the shares in equitised SOEs." It is rumoured that foreign institutions would be limited to a 30 per cent stake in an SOE, with a 10 per cent barrier on individual holdings. It is estimated that Vietnam has about 6,000 companies owned by the state, provincial anthorities, the army or other official agencies. To date only five state companies have been privatised, with up to 200 more slated for sell-off during the current year. At present the best opportunities for overseas investors keen to get a foothold in the country would seem to be either through a closed-end Vietnam fund, or taking stock in those Vietnamese companies currently listed offshore. Into the latter category fall Vietnam Industrial Investments and Barlile, listed in Australia, and Iddison Group

Vietnam Industrial Investments and Barlile, listed in Australia, and Iddison Group

and the second of the second o

873.84

335.12 721.42

484.72

630.01

245.30

Vietnam, listed in New Zealand.

nications, which leapt \$6 or 9 tion that the telecommunications giant was looking for a partner, or for acquisitions. Diamond Fields Resources

gained 30 cents at C\$40.60. Potash Corp advanced C\$1.60 to C\$87.80 on stronger than expected earnings.

Latin America

MEXICO opened lower due to a fall in Telmex shares, and after a sharp drop in domestic interend the peso's recent bull run. However, the market regained its stability and by late morning the IPC index

was up 15.02 at 3,232.88.
BUENOS AIRES was little moved by midday as investors awaited the appearance before senate committee of Mr Domingo Cavallo, the economy

The Merval index was down 1.74 points at 560.22. SAO PAULO was aimless at midsession, with the Bovespa index up 13.84 points at 50,633.

Johannesburg's industrial shares stumbled lower after their recent strong performance as local investors took profits and foreigners became ket's recent volatility.

Golds put in a weak performance, in line with industrials and as bullion slipped below the \$391 level. The overall index fell 33.2 to 6,980.0, industrials lost 57.9 at 8,458.9 and golds finished 18.6 weaker at 1,839.0. De Beers dipped R1.50 to R134.50 and Rembrandt lost 50 cents at R35.75.

Local currency terms

Apr. 19 % Change % Change 1996 over week on Dec '95

1.242.57

1,175.89

1.120.05

1,753.07

5.202.25

358.83

126.10

300.04 393.62 134.37

415.20

258.32

1,041.38 131.81

+0.8 +4.3 +2.9 +3.9

+0.3

Strong earnings data Philips up, reports 30% decline in Q1

Philips announced a 30 per cent fall in first-quarter profits in AMSTERDAM, but this was broadly in line with analysts' expectations and the shares gained F1 1.40 at F1 61.90. The AEX cruised to another record, potting on 1.63 at 553.88, having hit an intra-day record high of 556.55.

The view on Philips was that a difficult first half of 1996 had een expected and it was anticipated that the second half would be better. Analysts noted, however, that the semiconductor division had performed badly, with operating profit dipping by 25 per cent.
Polygram receded F1 4.50 to F199.70 as it was rumoured that it had withdrawn its interest in acquiring the MGM stu-

die in Hellywood. Pakhoed shed Fl 2.50 to Fl 43.80 after the tank storage and shipping group announce that first-quarter results had been disappointing and the trend was likely to persist. The company blamed weaknes Rotterdam oil storage activities as well as lower capacity utilisation levels at its oil tanks. In financials, ING moved forward Fl 4.30 to Fl 131.40.

PARIS made a healthy gain, with Carrefour, the supermarket group, hitting a record peak in very high volume. The CAC-40 index rose 10.12 to 2,122,10 as Carrefour added FFr29 at FFr3.896.

Dealers noted that a block trade was made in the retailer, accounting for nearly 1 per cent of the capitalisation, while the company also said it was making a one-for-two bonus

Analysts said the market had been impressed by Carrefour's overseas expansion plans, released last week, which would help the company overcome weakness in the domestic sector. Club Med rose FFr27 to FFr489 on positive ZURICH resumed its upward

march, posting technical gains and belped by the stable dollar, and with results from Roche at the centre of attention. The SMI index rose 21.1 to 3.668.4. Roche fell in immediate reacand dividend news, but picked up to close SFr35 higher at SFr9,630. The 18 per cent increase in net profits proved

in line with expectations, but

House changes

some investors, hoping for a special centenary dividend of up to SFr500, were disap-

pointed when the company announced an anniversary warrant worth just SFr86 a Holderbank firmed SFr10 to SF1950 as CS Equity Research upgraded the cement and concrete group on an improved long term outlook for US and European construction sectors.

tinued to draw strength from foreign demand, adding SF132 at SFr805 and taking the advance over the last three sessions to 9.8 per cent.
FRANKFURT saw low volume trading mar activity as the Dax index declined 11.92 to 2,438.26. In the Ibis the

FT-EE Burdrack 100 1883.59 1683.46 1683.11 1686.13 1683.59 1684.27 1684.36 1683.71 FT-EE Burdrack 200 1735.66 1736.26 1736.26 1736.26 1736.26 1736.27 1736.28 1736.70 1732.07 Apr 19 Apr 18 Apr 17 1655.01 1719.69 1682.48 1681.77 1732.74 1737.29 Siemens finished DM1.60 down at DM835.20 after report-

ing first-half figures, while

Mannesmann surrendered

DM6.45 to DM558.45 after giv-

11.00 12.00 13.00 14.00 15.00 Choss

THE ELIHOPEAN SERIE

ing a gloomy prognosis of the económy. Computer 2000 fell steadily during the day, ending off DM33 at DM363 after reporting

a drop in 1995 profits.

MILAN put in a positive performance as further advances The often volatile SMH conprofit-taking ahead of today's public holiday. The Comit index registered a 8.44 fall to 658.41 but the real-time Mibtel index picked up from a low of 10,328 to close near its best level of the day, up 76 at 10,328. Olivetti had a good day, jumping L38.5 to L940, sup-

ported by a return to profit at

Cir, the industrial holding com-

pany, rose L55 to L1,055. Among the day's corporate reporters, Fiat picked up L80 to 15,580, overcoming an early fall amid nervousness ahead of the 1995 results and possible trading update expected after

the market closed. BRUSSELS saw Barco, the electronics manufacturer. make BFr110 or 22 per cent to BFr5,110 as the Bel-20 index closed 1.17 higher at 1,720.66. Turnover was BFr2.6bn.

Electrafina lost BF155 to BFr2,910, having been suspended on news that it would pay BFr17.3bn to lift control in Audiofina, the media holding company, by 17.2 per cent. Audiofins owns CLT, the

VIENNA made its sixth concutive gain and the AEX rose 11.02 or 1 per cent to 1,129.87. Wienerberger was suspended after the building materials company announced a partnership with Koramic of Belgium. which could create the world's biggest brick manufacturer.

Nikkei average ends at fresh four-year high

indicator moved to 2,524.84.

Tokyo

Buying by pension funds and investment trusts supported activity and the Nikkei average closed at another four-veer high, writes Emiko Terazono in

The 225-share index gained 162.17 or 0.7 per cent at 22,282.05, having moved between 22,151.33 and 22,330.49. The closing level was the highest since January 10, 1992. Domestic institutional inves

tors, including banks, life insurers and investment trusts, continued to buy shares in anticipation of purchases by investment trust funds scheduled to be set up later in the

Volume was 511m shares, against 580.3m. In spite of buying by domestic investors, foreigners were inactive. Most brokerage dealers refrained from activity since yesterday was the last trading day for April delivery.

The Topix index of all first

section stocks rose 9.19 to 1,711.80 and the Nikkei 300 by 1.98 to 317.44. Advances led declines by 650 to 421, with 163 issues unchanged. In London the ISE/Nikkei 50

Traders said Sanyo Securities was active due to the launch of Sanyo Japan Open. an affiliated trust fund.

Domestic investors bought shares across the board. Largecapital steels and shipbuilders were traded, with Nippon Steel, the day's most active issue, firming Y2 to Y381 and Sumitomo Metal Industries up Y2 to Y341.

Tokyo Steel Mfg slipped Y60 to Y2,040 on the company's announcement that it may suffer a recurring loss of Y2bn in the current fiscal year. Non-ferrous metals, which were actively traded recently on the rally in commodity prices, retreated on profit-taking, with Sumitomo Metal Mining losing Y10 at Y1,050 and Mitsubishi Materials Y16 at Y609.

Banks were higher on index linked buying. Dai-Ichi Kangyo Bank advanced Y40 to Y2,160 and Bank of Tokyo Mitsubishi Y30 to Y2,430. Brokers were higher on the stock market rally. Nomura Securities rally. Nomura Securities moved ahead Y10 to Y2,330 and In Osaka, the OSE average rose 134.68 to 23,697.85 in volume of 78.7m shares.

Roundup

SEOUL moved up sharply in late trade, led by institutional interest in high-technology shares after their recent performance in the US and Japan, and the composite index hit a record closing high for the

year, up 16.06 at 956.61. Banks were mixed after being pressured by fears that there would be an oversupply of stocks in July, when three banks are listed. Kookmin Bank rose Won200 to Won15,800 but Seoulbank fell Won20 to Won6,660.

SHANGHAI's local currency A shares, available only to domestic investors, jumped 6.8 per cent on news that the exchange was cutting dealing fees to stimulate trade. The

index rose 44.131 to a 1996 high of 692.191. SHENZHEN's A index surged 117.92 or 8.6 per

BOMBAY climbed 3.8 per cent to a 15-month peak on heavy foreign institutional buying in a market devoid of sellers ahead of the elections. The BSE-30 index ended 141.11 higher at 3,869.87.

HONG KONG was simless ahead of Monday's April index futures expiry and the Hang Seng index ended just 9.64 up at 10,898.69, having spent the day moving in a tight band of 53 points. Turnover dwindled to HK\$3.1bn.

SINGAPORE overcame early losses to close flat, with the Straits Times Industrial index finally 2.45 points ahead at 2.381 18

Property shares lost more ground after sharp falls on Tuesday on talk of measures to curb speculation in the private residential market and new

exchange for companies' disclosure of property sales to their directors and related parties. DBS Land slipped 15 cents to S\$5.20 and City Development 10 cents to S\$12.10.

Parkway Holdings rose 14 cents in late trading to S\$4.30, boosted by a continuing roadshow as well as speculative interest after recent buying by Vincent Tan, the Malaysian

KUALA LUMPUR was mostly lower as investors booked profits after the recent sharp gains, with second board shares among the bigger losers as some speculative money shifted into second line main board shares. The composite

index shed 4.44 to 1,169.44. TAIPEI staged a small rebound following Tuesday's heavy fall. Sentiment was helped after the Finance Ministry denied a report that it might sell its holdings in the ing hands.

guidelines issued by the three major banks before July. The weighted index rose Turnover was T\$68.8bn. Financials, which fell some 5 per cent on Tuesday, rallied 2.2 per cent. China Life soared by the daily 7 per cent limit or

T\$5 to T\$77. MANUA throttled back on profit-taking. The composite index receded 27.27 or 1 per cent to 2,969.33.

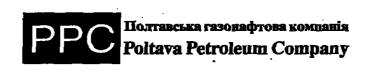
The forthcoming release of April's inflation data made many investors cautious. Tuesday's rally which followed the better than expected March quarter CPI data. But the market subsequently declined as

All Ordinaries index lost 16.3 at 2,316.3. Turnover was boosted by stock option expiries, with A\$850m worth of shares chang-

option expiry weighed on

shares late in the session. The

This announcement applears as a matter of record only



POLTAVA PETROLEUM COMPANY, Ukraine

Joint Venture

USD 8,000,000

Senior term loan to finance the development of the Novo Nikolaevskoye oil and gas field complex

PROVIDED BY

European Bank for Reconstruction and Development

OTHER PROJECT FUNDING PROVIDED BY

KX OIL & GAS



European Bank

April 1996

Standard Chartered also reports that Cambodia aims to start a stock market in 1997-98. Foreign brokerages will be able to establish 100 per cent owned houses in Cambodia, "but with the proviso that they divest their majority stake after five years". | 140.65 | 164.95 | 175.90 | 128.17 | 147.97 | 147.83 | 139.78 | 169.93 | 159.78 | 104.91 | 123.04 | 284.42 | 109.00 | 127.83 | 159.74 | 201.69 | 235.37 | 237.54 | 122.61 | 143.60 | 183.90 | 132.37 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 135.25 | 1 | 100gx | 100g 3.92 1.90 4.140 2.35 1.90 2.70 3.02 1.84 3.33 3.37 2.70 1.68 1.31 4.30 2.34 2.35 1.89 2.89 2.19 iresenci (1 Italy (50). 182.89 180.82 203.09 245.54 142.46 166.62 185.93 211.95 200.80 234.82 280.21 297.80 116.22 135.93 118.93 173.30 127.08 148.63 144.34 185.62 173.88 202.34 257.24 262.26 128.67 151.86 158.37 192.67 197.34 230.81 252.88 283.72 127.90 149.59 148.75 190.01 141.63 165.65 177.10 210.89 183.18 180.86 229.51 242.65 163,48 191,73 141,85 198,36 199,87 234,41 116,62 138,77 127,06 149,01 174,62 204,68 128,32 151,86 197,47 231,59 149,95 141,91 198,43 183,28 191,50 204.16 185.43 260.11 119.36 144.44 258.65 159.12 253.27 148.82 177.89 241.87 237.08 211.35 207.34 287.80 281.95 172.42 189.15 188.63 184.95 257.93 253.04 192.67 189.01 292.77 287.21 189.75 186.15 210.12 206.14 237.53 205.37 290.77 169.66 154.84 2.18 2.98 2.29 1.12 1.86 2.19 2.44 2.52 1.89 1.86 2.50 Europe Ex. UK (520) Pacific Ex. Japan (35) World Ex. US (1744) 0.3 2.57 212.46 208.43 143.21 167.49 182.04 213.12 181.62 164.66 0.3 208.63 143.41 168.19 182.51

